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HEARING
ON
NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 2016
AND
OVERSIGHT OF PREVIOUSLY AUTHORIZED
PROGRAMS
BEFORE THE
COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTEENTH CONGRESS
FIRST SESSION
—
FULL COMMITTEE HEARING
ON
**THE PRESIDENT'S PROPOSED
AUTHORIZATION FOR THE USE OF
MILITARY FORCE AGAINST ISIL AND THE
FISCAL YEAR 2016 NATIONAL DEFENSE
AUTHORIZATION BUDGET REQUEST
FROM THE DEPARTMENT OF DEFENSE**

HEARING HELD
MARCH 18, 2015



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**THE PRESIDENT'S PROPOSED AUTHORIZATION FOR
THE USE OF MILITARY FORCE AGAINST ISIL AND THE
FISCAL YEAR 2016 NATIONAL DEFENSE AUTHORIZA-
TION BUDGET REQUEST FROM THE DEPARTMENT OF
DEFENSE**

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, Wednesday, March 18, 2015.

The committee met, pursuant to call, at 10:04 a.m., in room 2118, Rayburn House Office Building, Hon. William M. "Mac" Thornberry (chairman of the committee) presiding.

**OPENING STATEMENT OF HON. WILLIAM M. "MAC" THORN-
BERRY, A REPRESENTATIVE FROM TEXAS, CHAIRMAN, COM-
MITTEE ON ARMED SERVICES**

The CHAIRMAN. Committee will come to order.

Before we begin today, I want to ask unanimous consent that non-committee members, if any, be allowed to participate in today's hearing after all committee members have had an opportunity to ask questions.

And by way of explanation, I might say that one of our committee members has tentatively been appointed to another committee, and his replacement has tentatively been named, Mr. Russell from Oklahoma, but it has not been ratified by the Republican Conference yet. And so Mr. Russell is with us today.

But without objection, non-committee members will be recognized at the appropriate time.

Let me welcome our distinguished witnesses to today's hearing.

Secretary Carter, thank you for being with us. You have been in this room in a variety of capacities over the years, but this is the first hearing since you were confirmed as Secretary of Defense roughly a month ago, and we are very glad to have you with us.

General Dempsey, thank you for being here. And I want to say again, all the committee members appreciated your participation in our retreat about a month ago at Annapolis. The fact that you would take time to come out there, meet with us and discuss some of the challenges we face was extremely helpful and meant a lot, and we are very grateful for that, for being here today, and for your many years of service.

As you all know, this committee has done things a little differently this year. Rather than start out talking about the President's budget, we have spent the last 2 months looking at the national security challenges that we face around the world, and I think that has put us in a better place to be able to look at the

administration's budget request and a number of the other issues that are before us.

I would say for me, one of the key takeaways from the last 2 months has been the growing threat to our technological superiority. We have had classified and unclassified sessions on that, and to me, it is one of the key challenges we face.

And as I mentioned, Mr. Secretary, as I was perusing my bookshelf, I came upon a very brilliant edition called "Keeping the Edge: Managing Defense for the Future," edited by one Ashton B. Carter and John P. White.

And there is a particular chapter talking about the technological edge that I had made some notes in, where essentially, it said two of the things we have to do to maintain the technological edge is to align our defense procurement practices with market forces, and secondly, to remain the world's fastest integrator of commercial technology into defense systems.

I kind of wonder how we are doing these days. I think that is very relevant for today. I just had a meeting with one of the leading defense thinkers last week that talked about the challenge of integrating commercial technology into defense articles and how we are not doing as well as we should.

As you know, reform is a major priority of this committee on both sides of the aisle. Mr. Smith certainly shares my concern, as do, I think, all the members here. And so that is one of the topics that we want to talk with you about.

There are many others, including the President's request for the authorization to use military force against ISIS [Islamic State of Iraq and Syria]. We have had several sessions on that with a lot of concerns with the wording that has come to us from the administration, and I know members will want to ask questions about that and other topics.

Before we get to those, let me talk—let me yield to the distinguished ranking member sit-in for today, the distinguished gentlelady from California, Mrs. Davis, for any comments she would like to make.

**STATEMENT OF HON. SUSAN A. DAVIS, A REPRESENTATIVE
FROM CALIFORNIA, COMMITTEE ON ARMED SERVICES**

Mrs. DAVIS. Thank you very much, Mr. Chairman.

Secretary Carter, Chairman Dempsey, thank you both for being here today.

I want to first send our best wishes to the ranking member, Adam Smith. We all know that he has been through a difficult time, and we wish him a quick and a speedy recovery.

I want to ask unanimous consent that we put his remarks and his opening statement into the record.

[The prepared statement of Mr. Smith can be found in the Appendix on page 63.]

The CHAIRMAN. Without objection.

Mrs. DAVIS. Chairman Dempsey, this will likely be your last time before this committee. We are probably going to find some excuse to get you back, I am sure.

While I am sure you aren't too broken up about not coming back, we will surely miss your thoughtful discourse and your care of our young service members. Thank you very much, sir, for your service.

And Secretary Carter, I bet you would rather have waited until after the NDAA [National Defense Authorization Act] was complete before coming up and speaking with us, but I think that it presents a great opportunity to help shape the budget during a very difficult time, and your expertise, your insights, are going to be very well received. Thank you, sir.

Sequestration is obviously at the forefront of everyone's minds. But we must also remember that we are still engaged in two conflicts, facing unconditional threats halfway around the world, while still battling suicide, sexual assault, and retention and recruitment issues here at home.

But these are only a few of the discussion points that we face when looking at the budget. We have to look beyond just defense to the entire budget, and we realize that cuts to other portions of the Federal budget will affect the Department of Defense [DOD] more often than we realize.

It was just yesterday that the secretaries and the service chiefs spoke about of those who consider going in to the service, roughly 75 percent do not meet the requirements today. And we have to be mindful of that, and maybe that is what we call a whole-of-government approach to that particular issue.

We must also ensure that this budget is in line with our national security strategy. We cannot address conflicts around the globe if our strategy is not in line with current threats and our budgetary situation.

We should not be finding piecemeal ways of fixing these problems in our budget, but we really do, and I know the chairman believes in this, rolling all of our sleeves up, and working together in addressing sequestration as a whole.

I look forward to both of your statements here today, as well as the opportunity for an honest and open dialogue. Thank you, again.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank the gentlelady.

Mr. Secretary, again, thank you for being here. Without objection your full written statement will be made part of the record. Please proceed.

STATEMENT OF HON. ASHTON B. CARTER, SECRETARY OF DEFENSE

Secretary CARTER. Thank you very much, Chairman Thornberry. Thank you, Congresswoman Davis, thank you also.

And all the members of the committee, thank you for having me here today. It is a pleasure to be with you once again.

I have had the opportunity to speak with many of you before, but this is my first time testifying as the Secretary of Defense. And I know that all of you, all of you on the committee, including the 23 veterans on this committee, share the same devotion that I do to what is the finest fighting force the world has ever known. And to the defense of our great country. And I thank you for that. And I hope that my tenure as Secretary of Defense will be marked by partnership with you on their behalf.

I am here to present the President's budget for the Department of Defense for this year, fiscal year 2016, and I strongly support the President in requesting a defense budget above the artificial caps of the Budget Control Act, that is, above so-called sequester levels, next year, and in the years thereafter.

I also share the President's desire to find a way forward that upholds the fundamental principles behind the Bipartisan Budget Act of 2013. And I support his commitment to vetoing any bill that locks in sequestration, because to do otherwise would be both unsafe and wasteful.

The administration is therefore proposing to increase the defense budget in line with the projections submitted to Congress last year, halting the decline in defense spending imposed by the Budget Control Act, while giving us the resources we need to execute our Nation's defense strategy.

As the chairman noted, strategy comes first. And that is the appropriate way to think about the budget.

But, and I want to be very clear about this, under sequestration, which is set to return in 197 days, our Nation will be less secure.

And Mr. Chairman, as you and your colleagues have said, sequestration threatens our military's readiness. It threatens the size of our warfighting forces, the capabilities of our air and naval fleets, and ultimately, the lives of our men and women in uniform. And the Joint Chiefs have said the same.

And the great tragedy is that this corrosive damage to our national security is not a result of objective factors, logic, reason. Instead, sequester is purely the fallout of political gridlock. Its purpose was to compel prudent compromise on our long-term fiscal challenges. A compromise that never came.

And this has been compounded in recent years, because the Defense Department has suffered a double whammy. The worst of both worlds, that has coupled mindless sequestration with constraints on our ability to reform. We need your help with both.

And I know that Chairman Thornberry, Ranking Member Smith, and others on this committee, are as dedicated to reform as I am. And I appreciate the—your dedication to it and the opportunity to work with you, because we at the Pentagon can and we must do better at getting value for the defense dollar. There are significant savings to be found across DOD, and we are committed to pursuing them.

But at the same time, I have to note that in the past several years, painful but necessary reforms proposed by DOD, reforms involving elimination of overhead and unneeded infrastructure, retirement of older systems, and reasonable adjustments in compensation have been denied by Congress at the same time that sequestration has loomed.

If confronted with sequestration-level budgets and continued obstacles to reform, I do not believe that we can simply keep making incremental cuts. We would have to change the shape and not just the size of our military, significantly impacting parts of our defense strategy. We cannot meet sequester with further half measures.

As Secretary of Defense, I will not send troops into a fight with outdated equipment, inadequate readiness, or ineffective doctrine.

But everything else is on the table, including parts of our budget that have long been considered inviolate.

This may lead to decisions that no Americans, including Members of Congress, want us to make.

And, now, I am not afraid to ask the difficult questions. But if we are stuck with sequestration's budget cuts over the long term, our entire Nation will have to live with the answers. So instead of sequestration, I urge you to embrace the alternative—building the force of the future. Powerful enough to underwrite our strategy. Equipped with boldly new technology as the chairman stressed. Leading in domains like cyber and space. Being lean and efficient throughout the enterprise. Showing resolve to friends and potential foes alike. And attracting and retaining the best Americans to our mission. Americans like the elite cyber-warriors I met last week when I visited our Cyber Command. That is the alternative that we can have without sequestration.

So, Mr. Chairman, the world in 2014 was more complicated than anyone could have predicted. Given today's security environment, the President's proposed increase in defense spending over last year's budget is responsible, prudent, and essential for providing our troops what they need and what they fully deserve.

Thank you, and I look forward to your questions.

[The prepared statement of Secretary Carter can be found in the Appendix on page 64.]

The CHAIRMAN. Thank you, sir.

General Dempsey, I am not quite ready to let you go yet, so I am not gonna talk about this being one of your last hearings. But thank you for being here, and please make any oral comments you would like to make.

STATEMENT OF GEN MARTIN E. DEMPSEY, USA, CHAIRMAN OF THE JOINT CHIEFS OF STAFF

General DEMPSEY. Thank you, Chairman, Congresswoman Davis, distinguished members of the committee. I appreciate the opportunity to provide you an update on our Armed Forces and to discuss the defense budget for 2016.

And I will add, it has been a rare privilege to have represented the Armed Forces of the United States, the men and women who serve around the world, before this committee to live up to our Article I, Section 8 responsibility together. And so, if this is my last hearing, I thank you for the opportunity, and if it is not, until we meet again.

I would ask you, Chairman, to submit my written statement for the record, and I will defer the many—I will defer mention in my opening statement of the many security challenges we face because I am quite confident they will be addressed in questions.

But I will say the global security environment is as uncertain as I have seen in my 40 years of service. And, we are at a point where our national aspirations are at risk of exceeding our available resources.

We have heard the Congress loud and clear as it has challenged us to become more efficient and to determine the minimum essential requirements we need to do what the Nation asks us to do.

And PB16 [President's budget for fiscal year 2016] is actually that answer.

In my judgment this budget represents a responsible combination of capability, capacity, and readiness. It is what we need to remain at the bottom edge of manageable risk against our national security strategy. There is no slack.

I have been here for 4 years now, and we have watched our budget authority decline. I am reporting to you today there is no slack, no margin left for error, nor for response to strategic surprise.

Funding lower than PB16 and a lack of flexibility to make the internal reforms that we need to make will put us in a situation where we will have to adjust our national security strategy. That doesn't mean it disappears in its entirety, but we will have to make some adjustments to the way we do business.

You may decide that is a good thing. I will certainly be willing to have that conversation with you.

For the past 25 years, the United States military has secured the global commons. We have deterred adversaries, we have reassured our allies, and we have responded to crises and to conflict principally by maintaining our presence abroad. It has been our strategy to shape the international environment by our forward presence and by building relationships with regional partners.

In general terms, one third of our force is forward-deployed, one third has just returned, and the other third is preparing to go.

Of necessity, even at that, there have been certain capabilities who actually operate half the time deployed and half the time back at home. And this, as you know, puts a significant strain on the men and women and their families who serve in those particular specialties.

Sequestration will fundamentally and significantly change the way we deploy the force and the way we shape the security environment. We will be, at the end of the day, if sequestration is imposed, 20 percent smaller, and our forward presence will be reduced by more than a third.

We will have less influence, and we will be less responsive. Conflict will take longer to resolve and will create more casualties and cost more. In an age when we are less certain about what will happen next, but I think we would agree, quite certain that it will happen more quickly, we will be further away and less ready than we need to be. Simply stated, sequestration will result in a dramatic change in how we protect our Nation and how we promote our national security interests.

Mr. Chairman, members of this committee, our men and women in uniform are performing around the globe with extraordinary courage, character, and professionalism. We owe them and their families clarity and, importantly, predictability on everything from policy to compensation, health care, equipment, training, and readiness.

Settling down uncertainty in our decision-making processes and getting us out of the cycle that we have been in, which has been one year at a time, will help us keep the right people, which, after all, is our decisive edge as a nation in our All-Volunteer Force, and

we will be able to maintain the military that the American people deserve and, frankly, expect.

I am grateful for the continued support to our men in uniform—men and women in uniform from this committee and from the Congress of the United States, and I look forward to your questions.

[The prepared statement of General Dempsey can be found in the Appendix on page 84.]

The CHAIRMAN. Thank you, sir.

I might also note that we have Mr. Michael McCord, the Comptroller of the Department, who is available with us to answer questions.

And Mr. McCord, I might just warn you that audit came up several times yesterday with the service chiefs, and if somebody else doesn't ask about it, I am going to at the end, because there is concern that some of the defense-wide agencies are going to be the hold-up rather than the services. And we will get into that as appropriate.

Mr. Secretary, I very much appreciate your willingness to work with us and the Senate on various reform issues. I think you make excellent points about the need to find greater efficiency in the Department.

And again, thinking back to what you wrote 15 years ago, as the chairman just said, our security environment is incredibly more complicated than we could have imagined in the year 2000 when you wrote those words.

And so it seems to me that even more than efficiency, some sort of reform, and especially reform in how we acquire goods and services, is needed to make the Department more agile, because there is no way we are going to predict what is happening. And if we—if it takes us 20 years to field a new system, there is no way we will be up with technology or meeting the threat.

So the need for agility is even a higher priority, in my mind, than the need for efficiency.

Do you have any comments about how that interplays?

Secretary CARTER. I think that is very wise.

It is not just about saving money; if we can't keep up with the pace at which technology is changing in the world as a whole and we can't turn technological corners faster than a typical program duration now in the Department of Defense, which lasts years and years and years, we are not going to be the most modern military.

So it is not just a matter of saving money; it is a matter of being the best. And the word "agility" is a perfect one.

Back when that was written, it was even apparent then, 15 years ago, that the era in which all the technology of consequence to defense was developed within the Department of Defense and within the United States, it was even apparent then that that era was coming to an end.

Now a lot of technology of vital importance to defense is out there in the world. We need to be the fastest and the first to have it in order to keep up with and keep ahead of all our opponents. So I couldn't agree with you more.

The CHAIRMAN. And let me ask about one other area of reform.

A number of people are concerned about the reductions in end strength for especially the Army and the Marine Corps. And yet as

one looks at the Pentagon, you haven't seen commensurate reductions in the number of folks who work there.

And so there is interest, including from a number of people who come out of the Obama administration, to streamline the bureaucracy in the Department and thin out some of those layers that add cost and time to—that affect this agility we were talking about.

Is that something that is on your radar screen, and is there a chance we could work together to give you some authorities to move folks around but have the effect of thinning that out and lowering the bureaucratic hassles?

Secretary CARTER. I would very much welcome and appreciate your help in that regard.

Now, a lot of that is on us, and we need to do it ourselves. But in many cases, we would benefit from legislative help.

But if—as you used the example of end strength, if all we are doing in a period of straightened budget is shrinking tooth and the tail remains the same size, that is an unjustifiable way of managing the place.

So we have gotta, gotta, gotta get after these headquarters, these offices that were set up once upon a time, seemed like a good idea at the time, but have lost their purpose or lost their way or lost their vitality, and we need to be aggressive with ourselves and rigorous.

So I would very much appreciate your help and working with you. And I don't know who those people are that you said, but I associate myself with them, if that is the—

The CHAIRMAN. Well, I think there is interest on that on both sides of the aisle, again, and we look forward to working with you.

Mr. Chairman, let me just ask you one question. When you were kind enough to be with us at our retreat, and you said we could quote you—that the President's budget level was the lower ragged edge of what it takes to defend the country.

The President has requested \$561 billion in base, \$51 billion in OCO [overseas contingency operations] for a total of \$612 billion when you put it together.

Is it still your opinion that that is the bare minimum. I don't want to put words in your mouth, but how would you describe how that figure, \$612 billion, meets the national security needs of the country for the coming fiscal year?

General DEMPSEY. Thank you, Chairman.

As I mentioned at our retreat, or your retreat where you were kind enough to invite me, the strategy that we developed in 2012, if you recall, we submitted a budget to support that strategy in 2012 and then in 2013 and 2014, and the budget has been continually pushing down from that level at which we said we could achieve our strategy at moderate risk.

We are now at the point where the risk to the strategy has increased. And what we are reporting to you, as a group of Joint Chiefs, is that we have reached the edge of that.

So anything below that level of budget support, however you choose to knit it together for the total amount, will cause us to have to adjust our strategy. It is as simple as that.

Some of those adjustments will not be life-altering, if you will, or security-environment altering, and some very well may be.

The CHAIRMAN. Thank you.

Mrs. DAVIS.

Mrs. DAVIS. Thank you, Mr. Chairman.

In line I think with the discussion that we are going to have today, could you go back and be a little more specific in terms of not just the authorities that you need but flexibility? How can we get that best value for the dollar that you were suggesting? What is it that—what is it that the Congress has denied, actually, in terms of that flexibility in the past, and what would you like to see? How can we best work together on that?

Secretary CARTER. Well, thank you, and I will give you some examples. And I realize this is not a popularity contest, in terms of these proposals. Because they are tough things to do. And that is why there has been debate over them.

Mrs. DAVIS. That is why you are here.

Secretary CARTER. I think that is why we are all here. We have to do what we have to do for the country's defense. But it is tough.

And it falls into three categories. And I am using the categories that I have learned from the chairman. One is in the acquisition area, where we need to have the discipline to stop things that aren't working. To not pretend that something is going to work when it isn't, just to keep going. That we can afford it, when we can't, just to keep going. Then we have to stop it and all the money on it has been wasted.

So in the acquisition area there is a lot—

Mrs. DAVIS. Is there one particular area that when you make that statement, that you are thinking about, that needs work?

Secretary CARTER. Yes, I—well, there is—one is the process and the paperwork, which is ridiculous, and which leads to these perverse results. Because the system can sort of keep suggesting to itself that it is doing the right thing.

And the other thing is the incentives that we—remember we don't do anything in the Pentagon—we don't build anything in the Pentagon. We contract out to our excellent industry. So we depend upon our industry and the incentives that we give them that to provide what we need that are included in contracts and other relationship is another place that is critical to think about in the area of acquisition.

Then there is compensation, how we compensate our troops, our retirees, families, all very important, very sensitive issues. But an important part of our spending.

And then a third is the one the chairman was mentioning a moment ago which is kind of the overhead—the people overhead, the facilities infrastructure, and I know base closings are not a wonderfully popular thing either.

But at some point, when the budget comes down, you need to make sure that you are taking away the tail the same way you take away the tooth.

So I would—I organize it in those three categories which I think are the same ones that the chairman does. But these are difficult choices, there is no question about it. We can only do these things when we do them together. I know they are hard.

Mrs. DAVIS. And, General, did you want to comment on that, as well? And flexibility for the service chiefs, I know that there is

some concern that Goldwater-Nichols has created some constraints, and perhaps it is time to address those.

General DEMPSEY. Well, speaking as a former service chief, the service chiefs have been uniquely limited in their influence over the acquisition process in terms of identifying requirements, and then it passes into the acquisition community. You know, neither side is trying to in some way limit the other. But there is no kind of life-cycle responsibility.

So the requirements grow, and the procurement timelines stretch. And I will just give you an example. Many of you in this room probably have an iPhone, iPhone 6, I would imagine. Well, the first iPhone was introduced to the market 8 years ago. So in 8 years, we have got six variations of iPhone. That is not the way we deliver our information technologies.

Mrs. DAVIS. Thank you.

Thank you, Mr. Chairman. Go on to other members.

The CHAIRMAN. Thank the gentlelady.

Mr. Jones.

Mr. JONES. Mr. Chairman, thank you.

And, General Dempsey, thank you for your service.

And to Secretary Carter, welcome to this hearing today and your new leadership of our Nation and our military. And I want to thank you.

I would like to start with an article that I read back in December this year, and then get to a question. The article is titled "Down the Opium Rat Hole." If you have spent 13 years pounding money down a rat hole with little to show for it, you might wake up one morning and say, "Hey, I am going to stop pounding money down the rat hole."

Unfortunately, the United States Government does not think that way. And when that rat hole is Afghanistan, the billions are essentially without end.

Mr. Secretary, when I listen to all the threats to a strong military, and I have Camp Lejeune down in my district and Cherry Point Marine Air Station. And I think about all the problems we are faced with, it brings me to this question: We have 9 years of an obligation, an agreement, that was not voted on by the Congress and of course the President did not have to bring it to the Congress, I understand that, so I am not being critical, but here we are in a almost desperate situation to fund our military so we will have an adequate and strong military, and then you read articles like this, and there is one more that came out this week that says, this is from John Sopko, by the way, "Afghanistan cannot manage billions in aid, U.S. inspector finds."

There are people on this committee in both parties, and we have met unofficial I with Mr. Sopko for 2 years and listened to him, and I am going to ask you and Mr. McCord how in the world can we, for 9 more years, continue to spend millions and billions of dollars in a country that we have very little accountability?

And we had General Campbell here last week, and I was very impressed with him. Let me make that clear. But the point is that we will continue to put money down the rat hole and never say that it is time to stop putting money in the rat hole.

Why in the world can't an administration, and I would say this if you were Secretary of Defense with George Bush or the next President, whomever it might be, why can't people like yourself, sir, be honest with the American people who pay our salaries, who pay for the military, and say, "You know what? We need to rethink where we are. We need to have a benchmark. We need to say in 3 years, if this has not been accomplished, and we have not reduced the waste of money, then we might need to change our policy and start pulling out"?

I want to ask you, sir, with Mr. McCord there, are you going to bring in John Sopko and these other people to tell you about the absolutely waste of money in Afghanistan that is taking away from us rebuilding our military?

Secretary CARTER. Well thank you for that, Congressman, and your very straightforward question. I will try to give you a very straightforward and honest answer. There are kind of two parts to it.

One is, the effectiveness and the controls on contingency contracting in Afghanistan and before that in Iraq. There were and persist issues with contingency contracting, going back years now. And I know that Mr. Sopko tracks them.

And I remember when I was Under Secretary for Acquisition, Technology and Logistics, the difficulties in teaching our people to do contingency contracting in such a way that there were always—that contracts were awarded properly. That they were overseen when they were being executed. And that was not happening in Afghanistan in many places.

I think the Department has improved over these long years of war, but it is not perfect yet by any means. It is not where it should be. So I want to associate myself with your argument. I guess, indirectly, and Mr. Sopko's, we have got some work to do.

On the strategic question of Afghanistan, I would say the following: I—it, to me, "rat hole" doesn't quite capture where we are in Afghanistan. I certainly hope that where we are in Afghanistan is that we are going to be able over the next couple of years to increasingly turn the security, the basic security for that place, over to the Afghan security forces that we have built in such a way that it doesn't—that country doesn't pose a threat to the United States anymore, which is the reason we got in there in the first place.

Now that is a difficult task. General Campbell is doing it as well as anyone can possibly expect. And we have in President Ghani in Afghanistan one new ingredient, which is a very bright one. This is somebody who, when I visited in my first week in office, Kabul, the first thing he said to me was, would you please go back and thank Americans, and especially thank American service members, for what they have done here and are doing here in Afghanistan? That is a whole different atmosphere.

And so, in partnership with him over the next couple of years, our objective is to stand the Afghan security forces up on their feet, so that we can have a very small presence there in the future, not the big force we have had, and leave it in a circumstance where it doesn't threaten us anymore. That is the plan we have. And, you know, you can never say a plan is 100 percent probability of being

successful but I think this has a high probability of being successful. And Ghani is an important new ingredient in that.

Mr. JONES. Thank you.

The CHAIRMAN. Gentlemen, we have got the largest committee in Congress. In order to get everybody a chance to ask questions, I am going to ask members to limit their time to 5 minutes. If at any point you need to supplement and add because if a question lasts 3 minutes and you have got 2 minutes to answer it it puts you in a tough position. So feel free to add any that you need to at the end.

Ms. Bordallo.

Ms. BORDALLO. Thank you, Mr. Chairman.

Secretary Carter and General Dempsey, thank you for coming today.

Secretary Carter, it was a pleasure working with you in the past and I am glad to have you back. As I mentioned in the service chiefs and secretaries hearing yesterday, I appreciate your sharing the dangers of sequestration. It is a short-sighted policy that undermines our Nation's ability to project power, work with our friends and allies, and protect our citizens, and I hope that our Congress can show the courage to repeal this bill.

Now while our Nation faces challenges across the globe we have made strategic choices in developing a focus in the Asia-Pacific region. Mr. Secretary, it is my understanding that in many areas such as infrastructure, maintenance, when we take cuts today we end up paying far more in the future.

Can you talk about areas where we would likely see increased future cost, if sequestration cuts funding today?

And if you could, make your answers brief, please.

Secretary CARTER. I will give you one simple example of why sequestration is wasteful, as well as damaging to security. And that is when we are forced by the suddenness of it to curtail the number of things of the overall size of our procurement in such a way that we drive up unit costs or we prolong the duration of a contract. And you all know that a short-term contract you pay more for than a long-term contract. That is the kind of thing we are driven to by sequester.

And it is obvious to anybody who has contracted with somebody to get their lawn mowed or something, that that is economically inefficient. So it is more than strategically dangerous as the chairman rightly said, it is wasteful, which is not what people want.

Ms. BORDALLO. Thank you very much. Also I have another question for you. Can you comment on how, broadly speaking, the fiscal year 2016 budget supports the strategic rebalance to the Asia-Pacific region?

How important was removal of the restrictions on the government of Japan funds for the relocation of the Marines in last year's defense bill?

And also, are you looking to activate the Guam Oversight Committee, which I felt was a helpful Internet tool to the DOD?

And how is revision of the U.S.-Japan defense guidelines going and how important is that to our bilateral relationship with Japan?

Secretary CARTER. Well, thank you.

Just the Asia-Pacific so-called rebalance is central to our strategy. That is where half of humanity lives. That is where half of the economy of the world is. And you know, one of the—strategy means keeping everything in perspective. And while we are focused as we need to be on ISIL [Islamic State of Iraq and the Levant], Afghanistan, which is already mentioned, Ukraine and other trouble spots elsewhere in the world, we have to remember that this is where much of our future lies.

And the American military presence there has been the central factor that has kept peace and stability and therefore prosperity going in that region. We need to keep that going—and you mentioned Japan and the revision of the guidelines there. This is an extremely important development.

And by the way, Prime Minister Abe will be visiting the United States shortly. This is an opportunity for Japan to become a—help us maintain the peace in the Asia-Pacific region, but the guidelines are global in scope. So it gives a military that is quite capable in Japan and a country that shares a lot of our strategic objectives and basic values a new way of helping us out in the region and around the world. It is a very positive thing.

Ms. BORDALLO. Thank you very much, Secretary. My time is almost out so I don't have time for the third question.

So, Mr. Chairman, I yield back.

The CHAIRMAN. Thank the gentlelady.

Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman.

Chairman Dempsey, we—the country owes you a great deal of gratitude. We thank you for your service, all you have done for this committee and for the country.

Mr. Secretary, we thank you for being here today and it was my full intention to come in here and applaud you and talk about how talented you were, which I believe that to be the case, and realize what a difficult job you have until I heard your opening remarks.

And let me just ask this question, because you heard Chairman Thornberry mention the phrase that if we get the—anything below the President's budget, that we would go below the lower ragged edge of what we need for national defense.

Do you agree with that?

Secretary CARTER. I do.

Mr. FORBES. And would you therefore say if we are going below that lower ragged edge, that it would be a crisis for national defense if we went to sequestration, as opposed to the budget the President's proposed?

So that would be yes?

Secretary CARTER. Yes, yes.

Mr. FORBES. Would you also say that that would be devastating to defense if we went there?

Secretary CARTER. Devastating.

Mr. FORBES. Then help me with this, because what really took me back is when you said that you supported the President's position to veto any bill that didn't do away with sequestration, because you do understand that the President's position is that he would veto any bill that doesn't do away with sequestration, not just for national defense, but also for everything else.

Do you understand that is the President's position?

Secretary CARTER. I do.

Mr. FORBES. So then what you are telling me as the Secretary of Defense, you would be prepared to support a veto that would end up with a crisis for national defense and be devastating to national defense, unless the President can also get all the funding he needs for EPA [Environmental Protection Agency], IRS [Internal Revenue Service], and all the other nondefense items that he has proposed in the budget.

Is that your position?

Secretary CARTER. What we need for defense, Congressman Forbes, is two things. We need stability—

Mr. FORBES. And that is not my question. I don't mean to cut you off. But as the chairman said, I only have 5 minutes.

I just need to have you tell this committee that as the Secretary of Defense you are coming in here today and saying that unless the President gets a full sequestration taking off the limits of spending that he has on EPA, IRS, and other nondefense matters, you would rather have a crisis when it comes to national defense funding?

Secretary CARTER. No, that is not—

Mr. FORBES. Then would you support a bill that this committee would pass that would do away with sequestration for national defense only?

Secretary CARTER. No, the President—no, I would not.

Mr. FORBES. So then you would support—

Secretary CARTER [continuing]. I will tell you why. I will tell you why. We need relief from sequestration across the board. Every other manager of an agency in the government—

Mr. FORBES. Mr. Secretary, you are not managing all these other agencies. You are coming in here today telling us that you would be prepared to accept a crisis for national defense unless the President gets the funding he needs for EPA or the Internal Revenue Service or all these other programs he has across the country?

Secretary CARTER. No, I—no, Congressman. I take a view of national defense and national security that is—that takes into account the fact that to protect ourselves and as part of security, we need the Department of Homeland Security—

Mr. FORBES. I am not saying that. But I am saying you don't necessarily need the Internal Revenue Service—

Secretary CARTER. We need our law enforcement agencies.

Well, I think each of those budgets can be looked at in their own terms.

Mr. FORBES. Mr. Secretary you are the expert on defense and what we need is that testimony today.

And what bothers me is when you will come in here and say that you would rather have a crisis in national defense, which is what the President is saying, by the way, than to cut or have a cap on any nondefense spending that could be in anywhere else in the government. And I just find that a travesty.

Let me just say this—

Secretary CARTER. I think what the President is saying, Congressman, and which I agree with, is that we need relief from sequester across the board. It is no way to run—

Mr. FORBES. But you are the expert on defense.

Secretary CARTER [continuing]. A government—

Mr. FORBES. And we may argue on IRS or EPA but what we need is when you come in here as Secretary of Defense to tell us that you are not willing to accept a crisis in national defense if you can't get everything you want with the IRS or EPA, some of these other funding programs.

And just to put it on the line, when you talked about the flexibility that you need in Department of Defense, let's just recognize also, that sometimes Congress has to hold up flexibility. If we would have given it to the Pentagon in the 1980s we wouldn't have stealth platforms, we wouldn't have precision munitions, we probably wouldn't have jointness and also sometimes when you talk about these outside cuts to facilities, remember what we did to the Joint Forces Command.

Oh, we cut that down and said we are going to save all the money. All we did is take all those jobs and centralize them in the Pentagon and the Joint Staff. So we need to make sure, Mr. Secretary—and I just say this with all due respect, that we are dealing with a crisis we have in national defense. That is what this committee should be about. That is what the Pentagon should be about. And we shouldn't have to hinge all of that on what happens to the Internal Revenue Service or the EPA.

And, with that, Mr. Chairman, I yield back.

The CHAIRMAN. Ms. Tsongas.

Ms. TSONGAS. Thank you, Mr. Chairman.

And welcome, Secretary Carter. It is great to have you, and I look forward to working with you, and have appreciated your insight and knowledge just in the brief testimony you have been able to make today.

And, Chairman Dempsey, it is always great to see you. And, as we may not see you again, I just want to reiterate again how much I have appreciated your always candid, forthcoming testimony before this committee.

And just to address briefly the issue of sequestration, I too share the view you have, Secretary Carter, that we have to deal with it across the board. As we know, how we defend our country does not exist in isolation. I come from a State that is heavily invested in education and it is that educated community that leads so often on developing all the technologies that all the service chiefs have acknowledged are very important to how we move forward in defending our country as we remain very agile.

So, to protect our country as well as we want to, we have to invest in our minds as much as anything else. So it all is all very much linked. And I appreciate your acknowledging of that.

But 2 weeks ago, this committee had the chance to discuss the proposed AUMF [authorization for the use of military force] against ISIL with General Austin and Secretary Wormuth, so I thank you both for your presence here today to continue that discussion.

And at that hearing, I asked General Austin about the complexity of the challenges that the United States has to address to successfully confront ISIL. I liken it to a multidimensional chess game. And nowhere is that more apparent than in Tikrit, where recent news reports detail Iran's involvement in training and equip-

ping Shia militias in support of the Iraqi government efforts to retake that city.

Iraq's engagement, I think, highlights the complexity of the challenge, rooted as it is in a highly complex region, and underscores the need for Congress to weigh in and think through the assistance that we are providing to the Iraqi government as well as other partners.

So with that in mind, Secretary Carter, how does Iran's engagement with the Iraqi government and its military efforts—the Iraqi government military efforts to confront ISIL complicate our efforts to ensure a pluralistic order? As we know, it was the Maliki government's unwillingness to create an inclusive governing structure that created the opening for ISIL. So as the Iraqi government seeks out Iran's help and is receiving it, how do you see it complicating our efforts going forward?

And then, General Dempsey, how does it complicate our military efforts?

Secretary CARTER. It can complicate our efforts, and that is why we need to watch this very closely, because, as you say, it is sectarianism which brought the Iraqi security forces to the low point that led to their rout last summer in the first place. And we are supporting a government of Iraq that is multi-sectarian and that encompasses the entire country. That is our preference.

And so, our preference is that all operations to combat ISIL, which we obviously support, are conducted with the knowledge and authority of the Iraqi government. And we support them in doing that. When there are others who are conducting operations without the authority of the Iraqi government, that is the face of sectarianism rising again in Iraq.

Ms. TSONGAS. So, I am sorry, are you saying—

Secretary CARTER. And we are very concerned about that.

Ms. TSONGAS. So, are you saying what is happening in Tikrit is without the authority of the Iraqi government, independent of it?

Secretary CARTER. No, I am not. But you are asking me would I be concerned about a purely sectarian military activity there, and I would be concerned about that. And I am concerned that the Iraqi government be controlling and the Iraqi security forces be controlling in directing all military activity on Iraqi soil, and that is why the nature of some of the militia activities and so forth is so concerning to us.

Ms. TSONGAS. General Dempsey.

General DEMPSEY. In terms of how it complicates things militarily, you know, we are building the Iraqi security forces to contribute to inclusivity. And they are being the kind of internal media blitz by the Popular Mobilization Forces has made them popular because they did succeed in pushing back on ISIL in and around Tikrit, although they are not having as much success as I think they initially reported.

So we have the issue of trying to make sure the Iraqi security forces remain the force for stability in the future and not this mobilization force.

And, secondly, there is just an issue of deconflicting space—air space, ground space and decision space. And so, yes, it does make it complicated.

Ms. TSONGAS. Thank you.

My time is up.

The CHAIRMAN. Thank you.

Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman.

And thank you for being here today. General Dempsey, your service to our country, we appreciate so much and wish you well in the future.

And Secretary Carter, best wishes for success in your position.

I am very pleased, in a way, to see the concern being expressed about defense sequestration, because many of us have been talking about this for the last 2 years. And we have—and, in particular, General, thank you for pointing out the issue of readiness, putting our troops at risk.

And this needs to be addressed, but it should also be put in the context that actually Bob Woodward, the very respected journalist, in his books, “The Price of Politics,” identified that this was the President’s policy. And so, I believe that I hope he makes every effort to change that policy because the consequence was revealed yesterday by Secretary James, and that is that we will have the smallest Air Force since it was created in 1947, the smallest Army since 1939, the smallest Navy since 1916.

I believe the American people are at risk and this needs to be addressed. And it should be pointed out, and I don’t want to finger point, and we don’t need to get to that, but the facts are clear. The House Republicans twice voted to address defense sequestration, but it was never taken up by the former U.S. Senate.

As we look at the world today, I am very concerned. General Jack Keane testified earlier this year about the spread of radical Islam across North Africa, Central Africa, the Middle East, Central Asia. And I am just so concerned that safe havens are being created, which can attack the American people. And in light of that, in fact, Boko Haram last week, Mr. Secretary, indicated that they would be a part of ISIL, Daesh [Arabic acronym for ISIL]. What is our policy to address this particular situation in Central Africa?

Secretary CARTER. Well, you are—as you say, the ISIL phenomenon is metastasizing. There are groups, and Boko Haram or some parts of Boko Haram may be one of them, that are re-branding themselves as ISIL, joining ISIL, getting a new lease on life by affiliating with this movement.

And it is the ability of this movement to spread through social media, to motivate younger members of groups that already existed, radical groups that already existed, but whose younger members are particularly attracted to the ISIL ideology, that makes it so dangerous and makes it so important to combat it wherever it arises.

Mr. WILSON. And I—has there been any progress on releasing the kidnapped young girls in the region?

Secretary CARTER. You are speaking of the ones that were kidnapped some time ago.

Mr. WILSON. Yes, by Boko Haram.

Secretary CARTER. Yes, I think the best I can say about that in here is that we continue to assist in trying to locate them and return them to their homes. But that that effort still continues.

Mr. WILSON. It is such a clear indication of the barbarity of the people that we are facing.

I want to commend you in regard to your visit to Afghanistan. You expressed concern about a drawdown and how it should be conditions-based, and then action has been properly taken.

What are the conditions that you are looking at in regard to the drawdown?

Secretary CARTER. There are conditions on the ground in terms of the strength of the Afghan security forces, the performance of those Afghan security forces. They are conducting operations, as we speak, in the Helmand Valley, which are very impressive and unprecedented in the scale and complexity of an operation that the Afghan security forces do by themselves. They are absorbing enablers, and so they are beginning to—the Afghan forces—operate independently. And that is one set of conditions that are very important.

Another one I mentioned earlier is the successful creation of a national unity government with President Ghani and CEO [Chief Executive Officer] Abdullah—their willingness and ability to do that and what that could mean for the political development and coherence of Afghanistan.

So there are both things at the military level over there and things at the political level, both of which are change—a very different circumstance from a year ago or 2 years ago.

Mr. WILSON. Thank you very much.

The CHAIRMAN. Thank you.

Ms. Duckworth.

Ms. DUCKWORTH. Thank you, Mr. Chairman.

And General Dempsey, I join my colleagues in sending you warm wishes your way and thanking you for your many, many years of serving our great Nation.

Mr. McCord, I would like to chat with you a little bit about the proposed budget that is upcoming. The House Budget Committee chairman has proposed boosting the fiscal year 2016 defense budget with an increase of OCO allocation. Is an OCO dollar just as useful for the Department as a base budget dollar? In other words, should there be limitations on OCO funding that Congress needs to be mindful of?

Secretary MCCORD. Congressman, both dollars are useful to us if they are provided for the purposes for which, you know, they are intended and needed. We don't need \$36 billion or \$38 billion extra OCO. We need that money in the base budget, but they are both useful to use and both have restrictions in law and in regulation.

Ms. DUCKWORTH. So if you had your druthers, you would rather have that—those dollars be in the regular budget as opposed to OCO funding? Is that correct? Mr. Secretary, do you want to speak to that?

Secretary CARTER. Absolutely. That is where we asked for it. That is where we need it. That is where we have identified the needs. And that also, and this is very important and this gets back to the earlier discussion of sequester, if it is in the base budget, it is the base upon which we build our future budgets. And we need stability. We need a horizon so that we know what our budget is

going to be not only this year, but in years to come. Otherwise, we can't spend it efficiently and we can't spend it strategically.

So that is—we need that kind of horizon. And sequester is what robs us of that. And that is why it is bad in a managerial sense for anybody who has their budget sequestered.

Ms. DUCKWORTH. General Dempsey, do you want to speak to that and perhaps its effect on readiness?

General DEMPSEY. Well, as you know, we have been trying to dig out of a readiness hole. We said 3 or 4 years ago that if the wars in Iraq and Afghanistan ended then, it would take us 3 or 4 years to recover our readiness. Because we were ready for 10 years for a particular kind of conflict, which you know better than most. And so we had to kind of recapture our credentials for other kinds of military missions, to include high-end.

And sequestration when it hit us last time, readiness tends to suffer a deeper impact because you have to go get the money where you can get it. And you can't—in some cases, you can't get it in manpower. You can't shed it quickly enough. You can't shed excess infrastructure quickly enough. You sometimes can't terminate contracts because of the penalties involved.

You end up taking more than you should out of readiness. So, yes, I do think readiness always suffers more than we think.

Ms. DUCKWORTH. Thank you.

Mr. Secretary, I, you know, I share the concerns of my colleagues and other defense officials in terms of the detriment of sequestration. But I also am interested in implications for money that is also spent in wasteful and inefficient ways. Specifically, I am thinking about the fact that we really don't know the kind of money that we are spending when it comes to service contractors. And there is still yet to be enterprise-wide contract manpower reporting application in DOD. Under your own documentation, I believe the goal was to have 95 [percent] compliance by 2018. I don't think you are probably going to make that goal.

So despite the numerous commitments from senior-level DOD officials, can you tell me when you will re-start work on the ECMRA [Enterprise-wide Contractor Manpower Reporting Application]; when you are going to use accepted Army methodology; and when will you be insisting on compliance from the components and agencies to ensure that inventory is used to inform and review decision-makings on taxpayer dollars spend in the Department?

Secretary CARTER. Well, thank you for that. And some of the detail I will have to supply to you separately.

Ms. DUCKWORTH. That is fine.

Secretary CARTER. But the general point that you are raising is our tradecraft and excellence in the acquisition of services. And I will just say something for everyone's benefit that you know, which is half of the money that DOD contracts is not for goods. It is for services. And so as we talk about acquisition reform and improving our game, we need to improve how we acquire services as well. And the initiatives you cite are some of the ways in which we are trying to improve our performance and our tradecraft in the acquisition of services because that is half of our spend.

Ms. DUCKWORTH. Right. And I will give you that—or the question for answering on the record.

Secretary CARTER. Will do.

Ms. DUCKWORTH. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Turner.

Mr. TURNER. Thank you, Mr. Chairman.

Mr. Secretary, Mr. Chairman, thank you for being here. Thank you for all your hard and diligent work.

Mr. Secretary, welcome. We are all very pleased and very happy that you are in your position. You do have very difficult times and issues as the chairman was indicating in the world view that we see in front of us.

We need some plain answers and talk on the issue of this budget. Chairman Dempsey, you and I as you were walking in had a brief conversation about this. So let me tell you where we are and then tell you why we need your help.

Right now, the President had submitted a budget that had a base amount of \$561 [billion] and our Budget Committee is currently marking up a budget with a base of \$523. They are indicating that they want to make up the difference to that jagged edge of the lowered number, as you said, Mr. Chairman, by OCO, so that the aggregate number, as you said, Mr. Chairman, would be somewhere around \$613.

You sort of said, however you cobble it together, but how you cobble it together does make a difference. And I would like you guys to help us with this. I have told the Budget Committee that making it up with OCO does not work. Seventy members of the House signed a letter and sent it to the Budget Committee asking to honor the base budget number of \$561 that the President asked for.

What I have said to the Budget Committee is that they should ask you guys. So this is my asking you guys; help us.

So Mr. Secretary, you said that, one, it affects because based upon—this is the basis upon which you build your next budget. That is certainly important. But we don't need to hear that it is an issue of "rather." I think there are structural issues, as Ms. Duckworth was going to, that are important that could impede your ability to access those funds.

One, the National Defense Authorization Act isn't marked up until December. Your fiscal year begins in the fall. Tell us why a base of \$523 with an OCO of \$90-plus billion doesn't work? Or, you are going to be facing that.

Secretary CARTER. I will start first, and then the chairman.

It doesn't work because to have the defense we need and the strategy that we have laid out, we need the budget that we have laid out not just in one year, but in the years to come. And so, budgeting one year at a time, and this proposal is a one-year-at-a-time thing, doesn't work for national defense. It is not going to permit us to carry out the strategy as we have planned.

Mr. TURNER. Mr. Secretary, one more thing, to jump in, because you have said that point before. You said that the President would veto a bill that legislates sequestration. If we pass a budget that has \$523 as the base and we send you a National Defense Author-

ization Act that is a base of \$523 with OCO of \$90-plus billion, is that within that veto threat?

Secretary CARTER. I think what the President meant was that a budget that did not relieve sequestration—that is, give a multiyear perspective for the budget, he would veto not just for defense, but as has been mentioned earlier, for others as well.

Mr. TURNER. Okay. Now, getting to, Mr. Chairman, OCO, Mr. Secretary, there are restrictions. If we don't lift those restrictions in our bill, the NDAA doesn't get passed until December and your fiscal year begins before that. Won't you have a period of time, almost a quarter of a year, where you can't use the money?

Secretary MCCORD. Yes. If this is done without an appropriation that is in line with it, you are right. We would have that problem. And I think your earlier point, too, the question about whether this approach being proposed by the House committee would be acceptable to the Senate, to the President; the uncertainty about whether this would even work for this year, is another one of the problems with that approach.

Mr. TURNER. So you guys have got 40 more seconds. If you want to tell the Congress why they shouldn't do this, you should do it now. Because otherwise, you will be facing this.

General DEMPSEY. I am not going to tell the Congress why they shouldn't do it; the Congress makes its own decisions with my advice.

My advice is that we need to fix our base budget, because you build the institution through the base budget, and you respond to contingencies with the fund called Other Contingency Operations.

We submit a 1-year budget but in the context of a 5-year Future Defense Plan, and we won't have the kind of certainty we need over that period if the current strategy is followed.

But look, as you heard the service chief say, you know, we are at the point where this is better than nothing, but frankly, it doesn't do what we should be doing for defense in a predictable fashion.

Mr. TURNER. Thank you.

The CHAIRMAN. I would mention to the gentleman, it is going to be before December before we have a defense authorization bill this year. Senator McCain and I are determined to move—I know it is different than we have had in the past, but it is going to move a whole lot quicker.

Mr. O'Rourke.

Mr. O'ROURKE. Thank you, Mr. Chairman.

Mr. Secretary, you said in your opening comments that you would never send our men and women into harm's way without the necessary readiness, the necessary equipment, and the necessary doctrine. I think you would also agree that we shouldn't send them in harm's way without the necessary strategy.

I am having a difficult time in light of the 6 months during which we have been at war in Iraq and Syria against ISIS and in light of the President's authorization for the use of military force, or AUMF, that is now before this Congress for consideration.

I am having a very hard time understanding what the strategy is, and I want to make sure that—as my colleagues have said, that we fund our military well beyond the budget caps and sequester

levels—I agree with them there—but I think, perhaps more importantly, that we have the necessary strategy in place so that their efforts, those men and women serving this country and our interests overseas are not in vain.

Could you answer the strategy question for me?

Secretary CARTER. Certainly, first of all, strategy is—does take a—in addition to geographic perspective, a multiyear perspective and a multiyear commitment, which is why annual budgetary turmoil isn't consistent with our strategy in taking a strategic view.

With respect to the strategy against ISIL, and defeating ISIL, in Iraq, the first thing I would say is that we not only need to defeat ISIL, we need to defeat them in a lasting manner. That is always the difficult part.

We can defeat ISIL, but defeating them in a lasting manner means having somebody on the ground who keeps them defeated after we assist them in the defeat.

On the Iraqi side of the border, that is the Iraqi government, a multi-sectarian force organized by the Iraqi government. That is our strategic objective—

Mr. O'ROURKE [continuing]. To interrupt there, we will just take the Iraqi portion of this.

From my understanding, based on the testimony from the excellent series of hearings that the chairman has brought before us, our strategy there largely relies on training, equipping, and advising the Iraqi national army. We have spent tens of billions of dollars doing just that from 2003 to 2010 to awful effect. The army melted in the face of a far inferior enemy.

What is different about our strategy today that is going to ensure its success?

Secretary CARTER. Well, it will hinge, as it did then, upon a multi-sectarian approach by the government of Iraq. Without that, it cannot succeed.

And what happened to the Iraqi security forces a year ago was that they collapsed because sectarianism had taken root in the government of Iraq, and the people who lived in the regions that were swept over by ISIL were not willing to accept or support the Iraqi security forces, as they were then configured.

They need to be configured in a non-sectarian manner—a multi-sectarian manner, or it won't be possible to have that lasting defeat of ISIL on the Iraqi side of the border. It is as critical now as it was last year.

Mr. O'ROURKE. Mr. Secretary, with all due respect, the strategy insofar as we understand it today, I think, is insufficient to achieving the President's aims of degrading and destroying ISIS, to your aims of ensuring a lasting defeat of ISIS. I think if we are honest with ourselves and the American public and the service members who will act out the policies of this country, if we are going to achieve those aims, we are going to need U.S. ground forces in Iraq and Syria.

We cannot depend on a Syrian moderate opposition force. We cannot depend on the political whims of the different sectarian factions in Iraq. We should not depend on Iranian-backed Shia militias in that country as well.

If we are going to do this, let's be honest about what it is going to take to do it.

And with today's topic of the budget in mind, do we have the resources necessary in the President's request to support ground forces to achieve our tactical and strategic goals in Syria and Iraq vis-a-vis ISIS?

Secretary CARTER. I will answer that first, and the chairman may want to add something to it. We do have the resources to support our strategy.

The one ingredient, very important ingredient, that you left out was air power, and we are applying air power in a very effective way in support of ground forces that are not U.S. ground forces but that are local ground forces, because we want a lasting defeat of ISIL and only local forces on the ground can impose a lasting defeat. And that is our strategy.

Chairman.

General DEMPSEY. And if I could, just in the interest of time, Chairman, I will take this for the record, because I do think the strategic advantage we have is the coalition, and I think that will eventually be the path to enduring defeat.

But I will take it for the record.

[The information referred to can be found in the Appendix on page 102.]

Mr. O'ROURKE. Thank you both.

The CHAIRMAN. Mr. Rogers.

Mr. ROGERS. Thank you, Mr. Chairman, and thank you all for being here.

Secretary Carter, I want to start off with a shamelessly parochial issue.

The AMPV [Armored Multi-Purpose Vehicle] program, which I know you are familiar, is replacing the M113 combat vehicle, which is maintained at the Anniston Army Depot. I am very interested in seeing the AMPV maintained at the Anniston Army Depot.

Do you know who is going to make that decision and when about where the source of repair is going to be made?

Secretary CARTER. I do not know when that source selection will be made, but I will find out and make sure we get back to you.

Mr. ROGERS. Thank you very much.

[The information referred to was not available at the time of printing.]

Mr. ROGERS. General Dempsey, based on open-source reporting, Russia is planning to put tactical nuclear weapons in the illegally seized territory of Crimea.

What is your best military advice as to how we as a nation should respond to that?

General DEMPSEY. Well, there are several things.

I saw the same open-source report. I haven't seen it reflected in intelligence, and if I had, I would have suggested we would have this conversation in closed session.

There are other things that Russia is doing that seem to be provocative in nature, and I think we have to make it very clear that things like their compliance with the INF [Intermediate-Range Nuclear Forces] Treaty—that there will be political, diplomatic, and potentially military costs in terms of the way we posture ourselves

and the way we plan and work with our allies to address those provocations.

So I have seen it. It concerns me greatly. I certainly would counsel them not to roll back the clock to previous experiences, and I have had those conversations with my counterpart.

Mr. ROGERS. Great.

And this would be for Secretary Carter. I was very pleased, a couple days after you were approved by the Senate for your new position, to see you publicly announce that this INF Treaty violation by Russia can no longer be tolerated without some sort of response.

I am curious. How much longer do you think it will be before we do provide some sort of response to that violation, that continued violation of the INF Treaty?

Secretary CARTER. Our response is twofold.

One is to—a diplomatic one, which is to try to get the Russians to come back into compliance with the INF Treaty. Not my responsibility, but an important part of it.

But on the military side, we have begun to consider—and I think this—what our options are, because the INF Treaty is a treaty, meaning that it is a two-way street. We accepted constraints in return for constraints of the then Soviet Union. It is a two-way street, and we need to remind them that it is a two-way street, meaning that we, without an INF Treaty, can take action also that we both decided years ago it was best for neither of us to take.

So we are looking at our alternatives in the areas of defense against the systems that they might field in violation of the INF Treaty, counterforce options and countervailing options.

All of those are available to us. We are looking at all of those because the Russians need to remember this is a two-way street.

Mr. ROGERS. Well, I appreciate that. I would hope that one thing that you would consider is to modify the Aegis Ashore site that we are currently constructing in Deveselu, Romania, with the capacity to defend itself against those intermediate-range missiles that they are illegally testing.

Secretary CARTER. Defenses are one of those, the categories of response that we can consider.

Mr. ROGERS. Thank you very much.

That is all I have, Mr. Chairman.

The CHAIRMAN. Thank the gentleman.

Mr. Takai.

Mr. TAKAI. I thank you, Mr. Chairman.

And welcome, Mr. Secretary.

And nice to see you again, General. I wanted to ask a little bit about what is happening in Hawaii. There has been a lot of talk regarding the drastic reductions in Army troop levels, which I believe actually is contrary to the Defense Strategic Guidance that called for the rebalance or the shift to the Pacific.

So, Mr. Secretary, does the President's fiscal year 2016 budget request provide you with the capabilities and the resources to conduct a rebalance to the Pacific? And how would drastic reductions in this theater affect this capability?

Secretary CARTER. Well, it does provide for the rebalance, but I want to second what the chairman said, which is we are on the

ragged edge of being able to satisfy all the ingredients of our strategy, of which the Asia-Pacific rebalance is a central ingredient.

So if we don't get some budget stability and we keep doing things one year at a time and one piece at a time, we are going to have to reconsider our strategy. The way I put it earlier is not just the size, but the shape.

Now, I would hope that our rebalance to the Asia-Pacific is something that we are able to sustain. And, in our budget and our multiyear budget plan, we are able to sustain it.

But under sequester and in one-year-at-a-time fashion, as the chairman said, we are on the ragged edge in our strategy, and something will have to give.

Mr. TAKAI. Okay, thank you.

And, Mr. Secretary, the other purpose of this hearing is to talk about the President's requests, the AUMF requests, so I wanted to shift gears a little bit and talk about that and ask you to clarify some aspects of the request.

In subsection (c), called "limitations," it says the authority granted in subsection (a) does not authorize the use of the United States Armed Forces in, "enduring offensive ground combat operations."

So what is "enduring offensive ground combat operations"? Does this refer to the length of time in which the operation is ongoing, the scope of the operations, some undefined relationship between time and scope?

Secretary CARTER. Well, thanks. The AUMF, for me, as Secretary of Defense, two things are important in the AUMF. One is that it gives us the flexibility to carry out our campaign, and that speaks to the provision you quote, and I will come back to that in a minute.

But the other is that it is passed up here on Capitol Hill in a way that says very clearly to our men and women who are conducting the campaign against ISIL that the country is behind them. That is very important to me. Both the content of the AUMF and that it is supported widely in the Congress.

To get to the provisions of it, the AUMF doesn't try to say everything that is permitted. Instead, which is, I think, wise because for the chairman and me we need the flexibility to conduct the campaign against ISIL in the way that the enemy—that defeating that enemy requires.

It does rule out, using the language that you described, what the President has said, an Iraq- or Afghanistan-type long off-period of offensive combat operations. And that is, that language, by taking that possibility only out, leaves, to me, our Department, the flexibility we need to conduct the campaign against ISIL both practically and geographically, because we don't foresee having to conduct another campaign like Iraq or Afghanistan, and that is the one thing that is ruled out in the formulation you describe.

Elsewhere, we have substantial flexibility under the President's formulation, and I welcome that, because I said, flexibility and widespread support are the two things that we need most.

Chairman, do you want to add anything to that?

General DEMPSEY. There is no doctrinal term in our military taxonomy that is "enduring offensive." But it is clearly a statement of

intent by the Commander in Chief. It does allow us to execute the campaign as it is currently designed.

Mr. TAKAI. Okay, thank you, I appreciate that. But maybe if you can, for the record, provide it to us. I mean, I think it is important to define this provision of the request. So if you can provide it in writing, some clarity as to what the President means by “enduring combat ground offensive operations?” Thank you.

[The information referred to can be found in the Appendix on page 102.]

The CHAIRMAN. Thank the gentleman.

Mr. Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman.

Gentlemen, thank you so much for joining us today, and thank you for your service to our Nation.

We have heard a lot about how we are going to address future challenges in our military. Obviously, a lot on the funding side, but I want to follow up, Secretary Carter, with some of the things you have spoken about about how we can do a better job in the dollars that we get in spending. Especially in making decisions on things like acquisition, big programs, making sure we have efficiency and timeliness in those decisions. That agility, as Admiral Howard spoke about yesterday, is critical.

Give me your perspective on where you believe we are right now with the acquisition process. Should there be greater authorities given throughout the different levels of decision-making in acquisition? And what do we really need to do as far as acquisition and, well, acquisition reform throughout the process?

Secretary CARTER. Well, thank you, and thank you for your interest in that subject, because it is central. And I appreciate the fact that this committee is committed to it.

And I am sorry I can't give a simple answer to that because there are so many ways that we can improve our performance in acquisition. And that we need to improve our performance in acquisition.

There is acquisition of services that has been mentioned previously. There is the requirements process and the role of the service chiefs. And I would—I personally welcome a greater role on the part of the service chiefs in the acquisition system. I think maybe Goldwater-Nichols went too far in the other direction in that regard, and we could get some of that back.

There is an enormous amount of simple process that encumbers good sense. There is some training that is required to better equip our people to interact with industry and understand how to give appropriate incentives and partnership with the industry that we serve.

There is the technology point that the chairman was pointing to earlier, where we have to work very hard to stay up with today's eight generations of iPhones. We can't take for granted anymore that we are at the cutting edge. We have to fight our way to the cutting edge again.

So there are many, many dimensions to this. And I—this is something that I believe we will be continuing to struggle with for a long time because technology changes, the world changes, and we

have to keep up if we are gonna continue to have the best military in the world.

Mr. WITTMAN. General Dempsey, your perspective on what we can do to help the procurement and acquisition process? Yesterday, some of the chiefs said they would like to be able to have the thresholds heightened so that they can be more involved in that decision-making process.

And give me your perspective too on how do we get, as Secretary Carter said, how do we get technology ideas, innovation, more quickly to the warfighter?

General DEMPSEY. Well, I align myself both with what the chiefs said yesterday about increasing their role in this process because it is a very bright red line right now that probably needs to be dotted, as we say, so there can be much more collaboration across it.

And, in terms of the technology, I think it is a combination of shortening our programmatic time horizons. You know, I recall the days of the Future Combat System, which was conceived in 2003. It was going to deliver in 2017, which, to my way of looking at it, doomed it to a graceless death from the moment because we—that is seven cycles of the Congress of the United States.

So I just think we have to take a look at the pace at which we try to develop.

I think, as the Secretary said, commercial is outpacing government at this point. And we can either fight that or find ways to conform to it.

Mr. WITTMAN. Very good.

Secretary Carter, just your perspective, it seems like what you are advocating is putting more authority but also accountability in the hands of decision-makers, so taking it more away from process, which, right now, is more of a process-driven effort, to more of a person- or individual-driven effort.

Kind of give me your perspective on where you think the balance is there, because it seems like we are too much of a process-driven effort today.

Secretary CARTER. I think that is right.

We have gotten to a point where there are as many checkers as there are doers. And we need the doers to be enabled and then held accountable.

So today, you have the worst of all worlds. There aren't enough doers, and when something goes wrong, you can't tell how it happened or what its causes were or who is responsible for it.

Mr. WITTMAN. Very good.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

Ms. Graham.

Ms. GRAHAM. Thank you, Mr. Chairman. And thank you, Secretary Carter and General Dempsey.

First, Secretary Carter, congratulations on your recent confirmation.

And General Dempsey, I want to say thank you not only for your generosity of time before this committee but also with new members in general. You have been very, very kind, so thank you.

First, I would like to start, Secretary Carter, in 1915, 100 years ago this year, the Mark V dive helmet, the trademark of diving, was created.

Military divers are located at a number of military installations around the country, including at the Naval Support Activity Center in Panama City, which is in my district. I had the opportunity to visit recently, and it is just phenomenal.

With the 100th year upon us, Mr. Secretary, I would much appreciate if you would support the designation of 2015 as the year of the military diver to honor those who are serving and have served and will serve as military divers for our country.

Secretary CARTER. Well, first of all, thank you for hosting our folks and for supporting service members in your district. We don't take it for granted. We are very appreciative of it.

And that sounds like an excellent way of commemorating the significance of the diver community, so thank you for that suggestion.

Ms. GRAHAM. Thank you. I really appreciate that support, and I know that the men and women who serve as military divers do as well. So thank you.

A separate question; yesterday, to both General Dempsey and Secretary Carter, I asked the secretaries about their wounded warrior care programs.

As the Congress debates a new authorization for use of military force, one of my priorities is knowing that we should engage in military—in current or future—or military—current or future conflicts that our military service members go into this fight with confidence that this country will take care of them, especially the most severely injured, when they return home.

So I would like to learn, what is the Department of Defense doing to ensure the transition from active service to the VA [U.S. Department of Veterans Affairs] for our most injured and ill service members, and what can we do to make sure that we identify every discharged service member who qualifies for the VA's Federal Recovery Care?

And I appreciate your answers.

Secretary CARTER. Well, I will start, and then, Chairman, if you want to join in.

First of all, thank you for your interest in that, too. We are fortunately at a period right now where the chairman, and I, on a weekend at Bethesda, won't find 10 new wounded warriors, as was the case for many years when I was serving in the Department and chairman was serving in the Department. And we are very grateful for that.

But we can't forget that those who have been wounded will—in many cases, they are 20 years old. They have a long life ahead of them, and that means we have a long obligation to them. And I am concerned that our country remembers the sacrifice of the service members in all the years that they will live, and I think we owe them that.

And of course, we hand them off to the VA, and your question goes to, how good is the transition program for their care to the VA and, in general, to civilian life. That is something that we have done a lot of work on in the course of these works, but I think

there is more that we can do and should do to smooth that transition and prepare them for the life ahead.

But, you know, to me, it is really something from the heart that we need to—remember, these are young people. They have got a long life ahead of them. It can be a productive, happy, and wonderful life for them, notwithstanding the sacrifice they made at a young age.

But we owe them the help to make sure that they can do that.

Chairman, do you want to add anything?

General DEMPSEY. Thanks, Mr. Secretary.

Yes, we have actually—the service chiefs and I and with the help of the Department have included in our budget two aspects of this.

One is the care of those who have already been wounded through the life cycle of their care.

And secondly, importantly, we are taking a look at—there are three areas where we have developed incredible expertise, and we can't let it erode. One is amputees, second is burn victims, and third is brain injury.

And so we are looking to the future now that we don't have a population, thankfully, that is suffering those injuries. We have got to make sure we can sustain our expertise that we have developed, and that is also baked into the budget as well.

Ms. GRAHAM. Thank you very much. And our hearts are in the same place.

And I yield back the time I don't have left. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentlelady.

Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman.

Gentlemen, thank you for being here. Mr. Secretary, it is great to see you in your new position.

So three things.

First one is this: When it comes to acquisition reform, one of the best ways to do it, I think, is, instead of doing a process or policy change, which we do every year, part of the—if you can use technology and actually change the system itself.

For instance, you have testing. It takes months to test our systems, whether you are talking F-35 or an Aegis test. It takes forever.

There is now a programmatic line in your budget request that we are going to match and hopefully put more money in. It is a new way to test, where you can test your Aegis cruisers on the spot, literally on the spot as they are out there in the water and see if they are going to work or not.

That has met with fierce resistance, even in SPAWAR [Space and Naval Warfare Systems Command] in San Diego, where they say, "We have entire departments that are testing departments." That is what they do. You have entire departments that spend years and years simply testing. They aren't happy about things like this that really disrupt the system and cause reform just because of the nature of the technology, if that makes sense.

So I would encourage this committee and you to, instead of just doing policy reforms, working within the system and technology to

put in systems that reform no matter what. Because people can't stop it, right? If it is faster, it takes fewer people.

There is major pushback, because you have literally tens of thousands of people within DOD and OSD [Office of the Secretary of Defense] who test. That is their job. They don't like it. That is the first thing.

Number two, we talked about ISIS in Syria and Iraq and our coalition partners.

You have Jordan, for instance. Jordan, I have talked to them. I have written the President letters. We have MQ-1s and MQ-9s in warehouses, even if—and we have the Exportable Predator, too, the XP. Even if you would change the ITAR [International Traffic in Arms Regulations] rules and State approves this stuff, it will take a year or two to get these in the hands of the Jordanians.

You have to deal them with the qualitative military edge [QME] issue with Israel, because the Jordanians would then own those aircraft. A fix to this, I think, is taking some of the aircraft that we have now that are in warehouses, letting the Jordanians fly them and basically having the contractor that makes the Predator, have them recover and launch and have them do it.

So then the Jordanians don't own them, there is no QME problem, and they are able to use that now. And they are requesting this now. The king has requested this, his ambassador has requested this, and their military liaisons here in the U.S. have requested this, too.

Just want to run that by you. What do you think?

Secretary CARTER. Thank you.

That is one of the, actually, many forms of assistance to the Jordanians and other coalition partners that we are looking at, and no decision has been made about that.

But the logic that you describe and the possibility that you describe is a real one. And to get back to your testing thing, I think that is a very good point also. Technology can transform the way we do tests and therefore the ponderousness and the cost of the test system. So both good points.

Chairman, you want to add anything on the—

General DEMPSEY. Just after King Abdullah visited, the Secretary chartered his deputy to run a senior initiative group [SIG] to take a look at all the coalition members, because there are many requests coming in and there is this thing—it is called a warfighting SIG—that the Secretary directed that is getting at things like that.

And you are right. Your letter is being addressed at the Department of State right now.

Mr. HUNTER. Thank you.

And the last thing is, I am going to have a piece of legislation, due to all the hostages that we have had taken in Iraq and Syria and Afghanistan. We kind of have—it is on an unprecedented level to have so many hostages taken in places where we don't have a big FBI [Federal Bureau of Investigation] contingency, where the FBI can't do it.

The FBI still has purview over hostages, anywhere in the world. So, even if they only have 3 agents at the embassy in Iraq, or 12 agents, whatever, they don't have the ability that JSOC [Joint Spe-

cial Operations Command] has, that any of our special operators or just big Army, big Marine Corps, whoever.

I think that there needs to be a buck-stops-here person. Your predecessor, Mr. Secretary, put in Mike Lumpkin, who was the ASD SO/LIC [Assistant Secretary of Defense, Special Operations/Low-Intensity Conflict]. He became the hostage guy during the Bergdahl case, at our recommendation.

And we also recommended this, that there be a buck-stops-here person that answers to the President. So that person, whether they choose the FBI or the CIA [Central Intelligence Agency] or the DIA [Defense Intelligence Agency] or DOD, whoever has the most resources to bring to bear for that particular hostage case, I think that is the way we should go, and we can maybe recover a few of these hostages, which we haven't done yet.

Just wonder if you could comment on that. Thank you.

Thank you, Mr. Chairman.

Secretary CARTER. My only comment would be you are absolutely right, that this hostage rescue is an example of something that can only be done with a whole-of-government approach. We need, obviously, things to be done in a way that is law enforcement sensitive, but in many cases, we have the assets or the Intelligence Community has the assets, or it involves Homeland Security.

And this gets to the point I was making earlier. I mean, I have to take a view of security and the future strength of our Nation that is—that looks beyond the Department of Defense itself to all of the instruments of national power and everything that is going to carry us into the future.

And these kinds of operations are a perfect example of that, where you need all those parts to come together. You are right, we do need a choreographer when that time comes to bring all those pieces together. It is very—it is essential. But the times in which we live require for most problems that there be the defense instrument and then other pieces of the government as well, whether it be technology, whether it be our personnel, or whether it be operations.

The CHAIRMAN. Mr. Moulton.

Mr. MOULTON. Thank you, Mr. Chairman.

And, gentlemen, thank you very much for your service to the country. There is tremendous bipartisan agreement on this committee that we need to move past the sequester. I just came from a Budget Committee hearing where this is being debated. There is a lot of frustration with the way that the budget is being handled at the present.

But the question, therefore, is just how do we get there? How do we figure that out? One question that has been debated much this morning on this committee is is there a role for nondefense spending cut under the Budget Control Act in ensuring our national defense? And, I think, Secretary Carter, you have made your view quite clear on that.

General Dempsey, I was wondering if you could offer your own comments.

General DEMPSEY. Look, everything we do around the world in terms of security these days are done with other government partners. Whether it is DEA [Drug Enforcement Administration], [De-

partment of] Homeland Security, FBI, CIA, and so, yes, there is a role on the nondefense side for security.

Mr. MOULTON. Great, thank you.

If you could both comment on this, and I want to be just very specific here to try to cut through the rhetoric. What are the top five programs or weapons systems that you want to cut to take that money and better invest it in ensuring the safety of our troops—the safety and success of our troops on the ground or more broadly in our future national defense, but are prevented from cutting by congressional politics?

Secretary Carter, perhaps we can start with you.

Secretary CARTER. There are more than five, I am sorry to say. And some of them are programs, some of them are older platforms.

There has been a lot of discussion and debate around the A-10, for example, in the Air Force, which the Air Force wishes to retire, not because it is not an excellent airplane but because their budget doesn't provide room for it anymore compared to other things that are higher priority. So that is one.

And we—there are a number of those that we have enumerated in past years. And we are willing to work with people here. We understand—I want to find common ground with people, but we can't just continue to be frustrated year after year in these program areas or in a whole number of compensation areas, efficiency areas, and so forth.

And I would be happy to provide to the committee a list, and it will be more than five items of initiatives that we have proposed in past years. This was before I was here. But that we thought on balance and sometimes with great regret, as in the retirement of older systems, we needed to do, and we have not been permitted by Congress to take those steps.

Mr. MOULTON. Thank you, Secretary. If you could provide that list, I would greatly appreciate it.

[The information referred to can be found in the Appendix on page 103.]

Mr. MOULTON. General Dempsey, if you could, as specific as possible, outline—specifically as possible, outline what things would be on your list.

General DEMPSEY. Well, I actually can't, Congressman, because—recall my role. The services build their program to deliver service capabilities, which then we integrate into a joint force. So what we submitted was actually what we believed we need to accomplish a joint force to execute the strategy.

I am not in a position now to tell you that, you know, there were ways we could have done it otherwise. We have given you our best advice. And I can't help you decide how to find the money to do it. We need the capabilities we have described in our budget.

Mr. MOULTON. Fair enough. Thank you very much, gentlemen.

Chairman, I yield my time.

The CHAIRMAN. Mr. Lamborn.

Mr. LAMBORN. Thank you, Mr. Chairman.

Thank you both, or all of you being here. I appreciate that, and we all do.

Secretary Carter, as you know, Qatar is an important partner of ours. We have troops stationed there, and they have played a role in the counter-ISIS fight.

However, they are playing both sides. There are a number of U.S.-designated terrorist financiers operating openly in Qatar. The leadership of Hamas, a designated terrorist organization, openly operates there and they have been financing some very bad Islamist extremists.

So my question is, how can the U.S. hold them accountable and how can we make it clear that playing both sides is simply unacceptable?

Secretary CARTER. Thank you for the question. Qatar, as with other of our coalition partners in the fight against ISIL, are being very helpful. And in the case of the Qataris in terms of the air base we use, indispensable.

At the same time, not everything that our coalition partners do in the region are things that we support or that we think are constructive with respect to either the ISIL fight or other things.

And so, all of our partners are—we are trying to work with so that we get their support for the fight against ISIL, but we can continue to work with them on areas where we disagree. And there are disagreements we have with almost all of our coalition partners that are helping us with ISIL. And we just try to work through them.

Mr. LAMBORN. But, Secretary, I understand that we may disagree on this or that issue, but when their policy is cutting against what we are trying to accomplish in that very fight, I have got a real problem with that.

Secretary CARTER. Well, we have problems with that too in some cases, and we explain that in our view that their policies are contradictory in that way. But we have those disagreements with them we try to work through while at the same time benefiting from their help where we can agree.

But we don't agree 100 percent of the time.

Mr. LAMBORN. Okay, thank you.

Also, Secretary Carter or General Dempsey, on the AUMF, I have a real problem with the two major limitations that the President has put into his proposed language: a limitation on time and a limitation on scope.

Is it right to be tying the hands of this President or a future President in that way?

Secretary CARTER. I will start first, and then, Chairman, if—

Mr. LAMBORN. And if you have already addressed this, I apologize. I was in another committee meeting.

Secretary CARTER. No, the time part—no, no, I did not.

On the scope, the proposed AUMF gives us wide scope to conduct the campaign that we are anticipating against ISIL.

The time limitation has nothing to do with the length of the campaign. It has—it—I cannot tell you that the campaign will be over in 3 years. I don't think anybody can tell you that.

That feature of the AUMF is included for reasons that are not military-related. They are related to the fact—they are derived from the fact that we will have a new President in 3 years and the

AUMF provides for a new President, and for that matter a new Congress, to revisit this issue.

Now, that is not something that comes from the Secretary of Defense, or I would say from our thinking. But we understand and respect it. It derives from the way the Constitution regards use of military force as a very grave matter in which both the Congress and the executive branch play a role.

So I understand that; I respect that. But the number three doesn't come from the campaign. It comes from our political system. And again, as I understand and respect that and I hope the result of all this is an AUMF that tells our troops that we are behind them in this fight.

That is the key thing to me, in addition to having the flexibility to main—to carry out the campaign that will win.

General DEMPSEY. Congressman, I was consulted on the AUMF before it was submitted to you and I believe it does allow us to execute the campaign that we anticipate against ISIL.

I think what you are sensing is the difference in using military force against state actors, nation states, and these groups of non-state actors, which have a very different character to them.

And I think the last time we ever were handed a completely unconstrained authorization to use force was probably Eisenhower's orders on the eve of the invasion of Europe, where he was told to take the Armed Forces of the United States, deploy them to the continent of Europe and defeat Nazi Germany. That is probably the last time we have had a completely unconstrained AUMF.

Mr. LAMBORN. Thank you.

The CHAIRMAN. Mr. Aguilar.

Mr. AGUILAR. Thank you, Mr. Chairman.

Thank you, Mr. Secretary and General Dempsey. Good to see you again.

I wanted to talk a little bit about that—the AUMF that was just discussed in this wide scope that you just mentioned. You know, one of the questions I had was the hostility.

Would the—if the hostility—it doesn't say anything about the termination of hostilities at the 3-year period.

Is it your feeling that hostilities could continue and that we could have actions against ISIL beyond the 3 years as currently written and implemented?

Secretary CARTER. Again, the 3 years is not a prediction about the duration of the campaign to defeat ISIS. It is a recognition of the way our political system works and the recognition that a new President and a new Congress in 3 years may wish to revisit this issue. As I said, I understand and respect that. But it isn't a prediction about the duration of the campaign against ISIL.

Mr. AGUILAR. General.

General DEMPSEY. My military experience and judgment suggests that the answer of your question is it will likely extend beyond 3 years.

Mr. AGUILAR. Could it extend—could hostilities extend without a new AUMF by a new commander?

General DEMPSEY. If I understood the question, the enemy gets a vote, as we say, on how long hostilities extend.

I don't—I honestly don't understand the question.

Mr. AGUILAR. Sure, sure. I guess what I am trying to understand is, is as proposed, if Congress gives the authority to use military force, we have this 3-year window which you both said is—you know, offers a flexibility but is more a political discussion than anything and it allows the new President to make that determination.

Absent a new discussion about AUMF, could hostilities continue in perpetuity beyond the 3-year window?

Secretary CARTER. I think the AUMF that the President proposed would require action by a new administration and a new Congress in 3 years, in light of the circumstances at the time, which we can't foresee.

Mr. AGUILAR. One of the other pieces that isn't discussed is detention policies within the AUMF and this was discussed in another hearing that this committee had as well.

Could you provide us with examples of what U.S. forces could and could not do with respect to detention policies under the AUMF, under the proposed AUMF?

Secretary CARTER. Under the AUMF, the law of armed conflict and all the applicable U.S. and international law would apply to detention operations, as they would apply to all aspects of waging this campaign.

Mr. AGUILAR. General.

General DEMPSEY. I have nothing to add to that, Congressman.

Mr. AGUILAR. Thank you.

I will yield back, Mr. Chairman.

The CHAIRMAN. Thank you.

Dr. Fleming.

Dr. FLEMING. Thank you, Mr. Chairman.

And Secretary Carter, Chairman Dempsey, thank you for your service and thank you for coming for us today.

You know, the President has said that his goal is to destroy ISIS. He has submitted a proposed AUMF. In the AUMF it says a limitation is no enduring offensive ground combat operations. That suggests no significant boots on the ground, sort of a colloquial expression that we use about that.

So my question to both of you gentlemen is can you give examples of wars America has won with sustained success and peace without substantial ground forces in relation to the foe?

Secretary CARTER. I am not a historian so I am not sure I can answer your question from an historical point of view. I can give a logical answer, a commonsense answer to the boots on the ground question as it applies to a campaign like the one against ISIL.

And it has to do with the—who sustains the victory after ISIL is defeated, because we seek not only the defeat of ISIL but we seek the lasting defeat of ISIL—

Dr. FLEMING. Well, if I can interrupt you—

Secretary CARTER [continuing]. That means that—if I can just finish the thought that means that there are local forces involved who control the territory after it is won back. That is our strategy and otherwise we have boots on the ground for a very long time.

Dr. FLEMING. Well, you know, many experts believe that the main reason why we have the ISIS problem we have today is we

didn't have a status of forces agreement and we didn't have a stay-behind force.

So again, I will ask you, Chairman Dempsey, can you name the wars that America has won without sustained boots on the ground against a significant foe?

And I do believe—I remember that Boko Haram now has given its allegiance. The forces are growing with ISIS and we know how barbaric they are.

Can you name some examples of wars we have won without boots on the ground?

General DEMPSEY. We have—historically we have had several campaigns against insurgencies—in the Philippines, for example, back at the turn of the last century and generally our—actually our campaign strategy has been the same as it is today, which is to find a coalition and to find indigenous forces—as we used to call them, now we call them regional partners—to do the lion's share of the lifting because, unless they own it, they will often allow us to own it.

Dr. FLEMING. Well, then can you tell us who this—these forces are going to be?

Now I get we are trying to stand up, again, an Iraqi army that fell apart because we left.

But can you explain in other regions outside of Iraq, where we are getting these forces, where they are coming from and when they are going to take action?

General DEMPSEY. I will. But I don't want to align myself with that we were the cause of the current crisis. I think the Secretary mentioned earlier that Iraq had an opportunity to demonstrate to its population that it would actually work on its behalf of all groups and failed to do that, which provided the environment in which this challenge arose.

We have got a 20-nation coalition; we have—two of—members of which are the Kurdish forces and the Iraqi forces. We have—we are working to develop a moderate Syrian opposition. We are calling it the New Syrian Forces. We are hardening regional allies—you heard some of that discussed moments ago—and it is actually—the reason that the campaign has a defeat mechanism is the coalition. It is not—

Dr. FLEMING. Well, again—

General DEMPSEY [continuing]. Our activities.

Dr. FLEMING [continuing]. Who are the core forces, who are going to be the core forces, in Syria, for example?

Again, we hear about the Free Syrian Army, which nobody really seems to know who they are. They were referred to, of course, as doctors and pharmacists before and we are going to, I guess, offline train them someplace maybe in Kuwait.

But again ISIS is growing every day; they are killing a number of people in very brutal ways, specifically going after Christians and Jews, so my question is who is this core force that is going to go up against ISIS in the near future?

I am still very vague on who this force is?

Secretary CARTER. Well, there are forces. It depends on which side of the border you are talking about.

On the Iraqi side, there are the forces that—

Dr. FLEMING. Well, I get Iraq, I am talking—in the limited time I have I am talking about Syria now. Who—where are these forces—

Secretary CARTER. On the Syrian side, as the chairman indicated, we are trying to build a—

Dr. FLEMING. Trying to build.

Secretary CARTER. Trying to build.

Dr. FLEMING. So we really don't know who they are. We don't know the size.

Secretary CARTER. Well, the reality of the situation is, you have the forces of the Assad regime and you have the forces of ISIL, neither of which we want to align ourselves with, and they are the largest forces on the ground in Syria. That is the circumstance in which we find ourselves.

And we are trying to create a moderate Syrian force that will be able to defeat them and own the future of Syria. That is our objective.

Dr. FLEMING. Mr. Chairman, as I yield back, I just have to say we are not finding out who these people are. There is no answer here in this question.

The CHAIRMAN. Appreciate.

Mr. Ashford.

Mr. ASHFORD. Thank you, Mr. Chairman,
And General and Mr. Secretary.

Pardon my parochialism, I am just going to have to ask kind of a broad question related back to our people in our district, University of Nebraska at Omaha [UNO]. When we went to the—to see—I absolutely agree with you about President Ghani, and there is a lot of hope there, in his ability to start reforms in the armed services, open up discussions with Pakistan which are meaningful, apparently.

It was interesting, when we went in to visit with the President, one of his first comments to me was how is my friend Tom Gouttierre. And Tom, many of you probably know of Tom, but he started the Afghan studies program at UNO 35 years ago, and is a friend of the President's and they communicate. So that was nice to see.

Also, you know, the Peter Kiewit Institute at University of Nebraska at Omaha is doing research into ISIS and has had—in fact had been doing the research prior to June of last year. And the Ebola work done at the University of Nebraska Medical Center, and is pretty significant. And we are very proud of all that.

Having said that, I guess my question is, when I visit those institutions and talk to the principals, it is clear that not just the University of Nebraska, clearly, but all over the country, there are partners at that level who are sophisticated, significant partners in our efforts in the Mideast.

And would you comment on that, on how you foresee those partnerships continuing to develop and evolve and move forward?

Secretary CARTER. Well, it is critical, because we depend for our technology, all the research and development that underlies our system, we depend upon private institutions to do that, whether they be our universities, excellent universities, university-affiliated R&D [research and development] centers, in industry.

I always have to remind people, we don't build anything in the Pentagon. This isn't the Soviet Union. Our way of doing things is not to do it in the government, it is to contract with private entities, because we think that is the best way to stay up with technology and to get excellence. And that is how we—and so, we depend upon those institutions, our great university systems, our great laboratories, and our great defense industry to make us the best military in the world.

Mr. ASHFORD. I just—I think that is absolutely right. And I think it does differentiate us from everywhere else in the world, really. And, you know, we are proud of what we have contributed in Nebraska, obviously, but every State has similar experiences.

One other—and thank you for that answer.

One other—this goes back really to Congresswoman Graham's question, and this is something that I am trying to figure out. Your comment about transitioning the military back into civilian life and the role of the Veterans Administration, I don't necessarily want to comment on that, but I know in Nebraska, we have had, as most—a lot of States have had, this infusion of new veterans, obviously, with distinct problems that are somewhat unique, are unique to a great degree to the Middle East, and the higher degree of disability claims and all of that.

And I know what we are trying to think about doing in Nebraska, in Omaha and Sarpy County, where Offut [Air Force Base] and STRATCOM [U.S. Strategic Command] is to think about developing sort of outpatient clinics, because we are seeing a real need of the veterans coming back now, the military coming back now and needing that sort of that outpatient in the mental health area, women's health issues that are not being addressed in the traditional mode.

I don't actually need a comment on that because that is a different department, but if you have any thoughts on that, kind of the new way of delivering health care.

Secretary CARTER. I would only echo something that the chairman said, which is that by sad necessity over the last dozen years, we have learned a lot and in a sense pioneered techniques in treating amputees, burn victims, very importantly TBI [traumatic brain injury], PTS [post-traumatic syndrome], and we need to make sure, as the chairman said earlier, we remember those lessons and that we transfer that knowledge to society more widely, which I think is happening in our medical system, including the medical system of the Veterans Administration.

Mr. ASHFORD. Right. And I agree. And my only thought would be that clearly in our area of the country where we have a robust medical system at the university and other facilities is, you know, being able to develop those new options as we move forward is part of our strategy in the Mideast generally and everywhere.

So thank you, Mr. Secretary.

Thank you, Chairman.

The CHAIRMAN. Mr. Gibson.

Mr. GIBSON. Thanks, Mr. Chairman. And greatly appreciate the panelists.

Thank you for your leadership and commitment to our Nation.

General Dempsey, I noted in your opening remarks you laid out a case for continued forward presence, put some passion behind that. Some of us, myself included, have really been arguing for thinking and acting differently, certainly recognizing the need for some forward presence, particularly with naval forces for open sea lanes and access to markets. And then in places like Korea, of course, there is going to be a need for land forces there for the near term, at least.

But that when we rely on this, as we have really have since the end of the Cold War, we end up with free-rider problems, and we end up with friends and allies who don't fully ante up for what they had admitted on paper that they would do, and we end up with some other second-order effects.

I have been arguing for a peace-through-strength approach that really puts reliance on agility, strategic maneuver, and particularly the restoration of the global response force capability, with the idea that—and of course we deal with nation states and we deal with transnational actors, here I am talking about the former, not the latter, you know, this idea of deterrence and deterrence really being defined by capability and will.

And here is where I get to the point on the global response force. Now, we had the service secretaries and the chiefs here yesterday, and they gave a response to this. And so, I am interested in, from the Department standpoint, from the Secretary and from the chief, leadership, as it relates to restoring the global response force and how you see that factoring into our posture going forward.

Secretary CARTER. I will start, and then the chairman. We do have something called the GRF, the global response force, which we provide very carefully for just the reason you describe, namely, it is the most ready force, it is the one that has the greatest deterrent value, because it has global reach and it is highly ready.

And one of the things that is concerning about our whole—this whole budget drama of sequester and so forth year after year and its effect on readiness is that if it continues in the way that it is, it is going to affect our readiness, even at the GRF level. And that is not good for deterrence. It is not good for the picture of American strength that is so necessary to avoiding conflict in the first place.

General DEMPSEY. Congressman, you have touched on two things that are actually near and dear to my heart. One is the GRF. We do have to restore its readiness. There are times when, of late, because of increasing demand and reducing supply, we have had to actually reach into it and send it forward, which is not the intention, but we are forced into that position on occasion.

The other one is the issue of presence. You know, I think we have got our forward stationing about right. And what we are doing is looking at how we can be a little less predictable to our adversaries, more reassuring to our allies, and maintain readiness through a thing we call—we are calling “dynamic presence.”

And so, we are very much interested in pursuing that idea.

But I will tell you, you know, sequestration actually makes this—both of those almost impossible.

Mr. GIBSON. I appreciate those responses.

And to be clear, even the vision that I am laying out here requires the world's strongest military as a deterrent to those who

would do us harm. And we are also—this vision also includes American leadership. It is just a different conception of power and how we would array it that would look for the contributions from our friends and allies I think at the level that we would expect.

And also recognize the moral strength of our country as evidenced through diplomacy, commerce, and trade. And in the way that we are able to strategically maneuver our forces with a real capability, I believe, strengthens the hands of our diplomats that will allow us to, I think, reach a level of security that we are striving for.

So thanks. Thank you very much, once again, for everything you do for our service men and women and their families. And I will yield back.

The CHAIRMAN. Thank the gentleman.

Mr. Courtney.

Mr. COURTNEY. Thank you, Mr. Chairman. And I want to thank the Secretary and general for your service and all the witnesses here today.

I think when historians write the book on this administration, one of the overlooked achievements was the New START [Strategic Arms Reduction] treaty, which was ratified on a bipartisan basis. And you know in the wake of it we have heard a lot of testimony at the Seapower Committee about the fact that the triad is going to change as a result of the realignment that the treaty created in terms of the leg of the triad that is going to carry the heaviest burden is the sea-based deterrence, about 70 percent, according to, again, some of the Navy witnesses that we have had here.

In the wake of that, in the aging out of the existing *Ohio* fleet, Admiral Greenert, Secretary Stackley, yesterday Secretary Mabus, I mean they made it crystal clear that the *Ohio* replacement program is at the absolute top of the list because the timing, even with the President's robust funding for design work, which again is another reason why we should support that top line.

You know really there is just no margin for delay in terms of making sure that we are going to be able to implement New START. So you know, Mr. Secretary, I was reading your testimony over at the Appropriations Committee and others about, again, we have been hearing about this for years, you know what the impact is going to be on the shipbuilding account.

So last year's defense bill when we created the Sea-based Deterrence Fund, we thought you know really used well-established precedent from the National Sealift Defense Fund, which again was an effort to take pressure off the shipbuilding account for a once in a multi-generation investment missile defense, et cetera.

I was just wondering if you could kind of talk with us a little bit about what your sort of thinking is. Because there is just no question that something is going to give when the resources are needed to build those boats in terms of the shipbuilding account, if it has to all come out of there.

Secretary CARTER. Well, thank you for that. And you are right. The triad is part of our future. It is part of our future planning.

You know nuclear weapons aren't in the news very much, thank God. So they are not the answer to the ISIL crisis and so on. But they are a bedrock of our security.

And we have to—we are going to need a safe, secure, and reliable deterrent as far into the future as I can see. And we need to provide for that.

And the sea-based leg is an essential leg because it is survivable on a day-to-day basis. That has long been a tenet of strategic stability. It remains true now.

And it is also true that the *Ohio*-class replacement is a very expensive proposition. Now, we are trying to get the cost of that down like all our other programs as much as we can. But it is—we have to pay that bill. And I think it is more complicated, as I am sure you would say also, than how we label the money.

The money has to come from somewhere, and we are going to have to make difficult tradeoffs, particularly in the decade between 2020 and 2030. And that is just a fact of life if we are going to have an *Ohio*-class replacement.

And if Secretary Mabus and Admiral Greenert said it was a highest priority, they are absolutely right. It is just something we have to do and we have to find room in the budget to do it. And there are going to be tradeoffs there that are not going to get alleviated by calling the money this or that.

General DEMPSEY. The only other thing I would add, Congressman, is we—the Joint Chiefs and I firmly believe that the triad, all three legs, which as you know is intercontinental ballistic missiles, long-range bomber, and the *Ohio*-class replacement submarine, are necessary to make our deterrence credible and survivable.

And just because it is an unfortunate happenstance of time that the three legs of the triad are all requiring modernization at some level over the next decade. But you know we have been kept safe. This is our strategic deterrent responsibility. And we are going to have to find a way to do it.

Mr. COURTNEY. No quarrel with your comment. Again, just when you look at the size of the legs, it is not quite—it is a kind of funny looking stool because one of them is a lot longer than the other I guess.

And as long as I got a few seconds left, General, first of all thank you for your service. First time I met you was in Iraq when you were in charge of retraining the Iraqi forces. And I know you are probably more passionate than anyone about trying to re-bolster that force that is over there.

We had a National Guard unit leave for Afghanistan a few nights ago out of Hartford. And I just—the expectation was that the Reserve force was kind of going to stand down as the troop drawdown took place.

And frankly, for some people it was a little jarring to still see National Guard forces going over there. And I hope you are keeping an eye on those guys because you know it caused a lot of dislocation for the families to have a 60-day call-up when I think, again, people's world expectations, thought was going to change with the drawdown.

With that, I yield back.

The CHAIRMAN. Thank you.

Mr. FRANKS.

Mr. FRANKS. Well, thank you, Mr. Chairman.

First of all, Secretary Carter, some of us were a little bit surprised at your appointment. And I just have to say to you, it was a pleasant surprise. And I, for one, am very gratified, sir, that you are where you are. I think it is a good thing for the country.

Secretary CARTER. Thank you. My wife and I were surprised also.

Mr. FRANKS. Well, as you know, producing fissile material is by far the most challenging component of developing nuclear weapons. And I know you also know that once the 4.5 percent enrichment level has been reached that about 75 percent of the work or the enrichment has been done to gain the weapons grade material.

Requiring Iran to dismantle its mechanism to enrich uranium or produce plutonium was the centerpiece of nearly a dozen U.N. [United Nations] Security Council resolutions because essentially we considered that in many ways the whole ballgame. But in direct contradiction to that reality and the U.N. Security resolutions, Mr. Obama's interim agreement with Iran astonishingly provides a protected protocol to enrich uranium.

And if you forgive the political importunity of the question, do you believe that an agreement of the long-term with Iran going forward that allows him to enrich uranium or produce plutonium is in the best national security interests of the United States?

Secretary CARTER. It is an excellent question and I think it is the key question for the—for such an agreement is, does it provide insurance against breakout and the development of a bomb by Iran?

Now, I am not involved in the negotiations there and so I can't discuss an agreement that hasn't been concluded yet. But that has got to be its underlying principle. And I think that is the underlying principle with which the negotiations are being conducted. And I associate myself with the phrase that no deal is better than a bad deal.

The only other thing I would say about that is for me and for our Department, we have some other obligations associated with this. One is to continue to deter Iran's other detrimental behavior in the region and in the Gulf, and protect allies and partners there to include, secondly, very importantly, are in critical partnership with Israel, is a very strong ally. And that is important. And then the third is our general presence in the Gulf.

So those responsibilities which reside to us which are also related to Iran and Iranian behavior, those are responsibilities that fall on the Department of Defense and that we take very seriously. I know the chairman does also.

Mr. FRANKS. Well, I certainly wish you the very best in that and everything else that you do, sir.

And General Dempsey, let me just express—just personal gratitude and collective gratitude for the whole country for the gallant service that you have offered to the human family. I mean this has been an amazing thing that you have done and we are grateful to you.

So with that you know I always ask you a tough question.

General DEMPSEY. Let me—can I go on for a minute and 25 seconds thanking you for the kindness that you have just—

[Laughter.]

Mr. FRANKS. I think he gauged that I have about 25 seconds left.

General Dempsey, what is the current cap on troop developments—deployments I should say, in Iraq? I think it is around 3,100. And is there a justification for that troop level? Or is it really an arbitrary policy decision?

General DEMPSEY. No.

Mr. FRANKS. And do you believe in your best military judgment that that policy represents the surest and best policy to expeditiously defeat ISIS?

General DEMPSEY. My military advice on the best and most enduring way to defeat the Islamic State in Iraq and Levant is through our partners, with a coalition, and using our unique capabilities, whether they be training or precision strikes or working to build institutions, so that the Iraqis, notably, understand they have—and other regional stakeholders who have more to lose and more to gain by the defeat of ISIL—actually are in the lead.

And therefore, that number is not arbitrary at all. It is purpose-built to that effect.

Mr. FRANKS. Well, Mr. Chairman, I am going to yield back.

Thank you both again.

The CHAIRMAN. I thank the gentleman.

Mr. Nugent.

Mr. NUGENT. Thank you, Mr. Chairman.

And to Mr. Carter, and first of all, I want to thank both of you. General Dempsey, I really appreciate your service to our country, and particularly the uniform that you wear, the United States Army. It means a lot to me.

Secretary Carter, first time I get to meet you.

But the question I have, and I guess where I am kind of perplexed, is what is going on within Iraq today, where we have the general of the Quds force leading the charge, basically. And, you know, I get our reluctance to have boots on the ground. Because let me tell you, I mean, my kids have been there. So I don't necessarily want to see them go back.

But the other—on the same token, though, I hate to see that Iran now has taken the lead, and particularly when you go back to the history in Iraq with us recently, in 2011 when I was there, we had five U.S. service members killed the night I was there by an advanced IED [improvised explosive device] supplied—go figure—from Iran. And now we are allowing them to take the lead. And, you know, you remember back, I mean, we had our forces in Iraq at the drawdown. We had American troops being killed and ambushed. And because of the status of forces agreement, particularly as it related to Iraq, they kept us from going and hunting or capturing or killing these guys that were killing our troops.

We knew where they were laying their heads down at night, but the fact was these are the same people now that are taking the lead in Iraq and we think we are going to see a different outcome with the Iranian regime today than what it was then. And the pressure it is going to put on the Iraqi leaders—and Ghani I think is a breath of fresh air, but I don't know how he is going to operate within that when the Iranians are standing there saying, "Listen, we are giving you back your country."

How do we deal with that?

Secretary CARTER. Well, it is a very good question because the— what defeated the Iraqi forces last summer was sectarianism. And if the fight against ISIL becomes a purely sectarian fight and not an Iraqi fight, then we—

Mr. NUGENT. But let me interrupt you, I mean, because the time is limited. But isn't it going to turn back into a sectarian fight when you have Iran providing the leadership and the training to the troops that are going to push ISIS back out of Iraq?

Secretary CARTER. Well, it is actually a complicated situation. In many places, the Iraqi security forces, including with Sunni elements and the support of Sunni tribes, are participating in the recapture of ground. In other places, it is our air power and Iraqi security forces entirely.

In Tikrit, you are right. There is a heavy presence of Popular Mobilization Forces which are Shiite in sectarian orientation and getting some support from the Iranians. And that is concerning to us. So it is a very mixed picture. But the side that we are on is the side of the Iraqi government operating on a multi-sectarian basis. And that is the only way in which we are going to achieve success.

Mr. NUGENT. I don't disagree with that, but, you know, when you talk to the forces that were there in place in 2011 and the training that we did for the Iraqis, it was pretty evident then that we had some very, very good brigades within the Iraqi military, and then we had some that were the sectarian split-off that were incompetent.

And I think that is what we saw, you know, happen. I think that is kind of the remarks we have heard is that having an enduring force there would have prevented it, I don't know, but we would have had a much better chance of preventing it had we been there to train and assist and keep the pressure on the Iraqis at the time. And I just want to make sure we don't do the same now in Afghanistan.

Secretary CARTER. I will say something about Afghanistan, and then maybe the chairman wants to say something about Iraq.

We have fortunately at the moment a very different situation in Afghanistan, namely a bilateral security agreement in place that is welcomed by the government of Afghanistan, and a partner in the government of Afghanistan in the national unity government of Ghani and Abdullah that is not sectarian in nature; that is welcoming of the American assistance and the American training.

So it is a very different situation from—Iraq and the reason why, as I said earlier, we may well be achieving our objectives in Afghanistan in a way that a few years ago when I was working on that campaign, I would not have predicted that we would get as far as we did. It is a very different situation, fortunately, in Afghanistan today from Iraq a few years ago.

Mr. NUGENT. And I appreciate your comments.

And with that, General, I would love to hear from you, but I have been gaveled back—

General DEMPSEY. And I would love to chat, sir, but my time is out.

Mr. NUGENT. Okay.

[Laughter.]

The CHAIRMAN. Yep, you all are right.

Dr. Wenstrup.

Dr. WENSTRUP. Well, thank you, Mr. Chairman.

Thank you, gentlemen, for being here today.

As I am looking at the AUMF, it says the use of special operations forces to take military action against ISIL leadership—and again, this is a proposed AUMF—does that include capture or is it kill only?

Secretary CARTER. It includes capture.

Dr. WENSTRUP. Okay. So, you know, my question is, we talk about capture and the use of all of our tenets of war, whether it is diplomatic, intelligence, military, economic—all those things. You know, I have some visions of how we could form multiple coalitions—our NATO [North Atlantic Treaty Organization]-type coalition and Middle Eastern coalition. Then we work together with command and control. This is good versus evil. I think that is the message the world should hear.

And, you know, when it comes to holding, though, you know, I have some ideas about holding those we capture and how we try them and how we involve maybe the nation of incident, whether it is ISIL or the global war on terror, how we involve the nation of incident and the nation of origin. And are they going to be part of the process of those that we capture.

So my question is, if we capture, what do we do with them?

Secretary CARTER. Well, thanks for that question. Let me just go back to the logic of capture. Obviously, our objective where possible is to capture, rather than dispatch.

Dr. WENSTRUP. Have we been capturing anyone? Have we been capturing anyone in the last couple of years? Or especially since we reengaged in Iraq?

Secretary CARTER. Well, exactly as you say. Our coalition partners have been capturing.

Dr. WENSTRUP. Okay, so what are we doing—

Secretary CARTER. They have been doing that and they have been detaining. Now, just to take Afghanistan as an example, these are Afghan—on Afghan territory. They are detained by the Afghans and subject to Afghan law.

Dr. WENSTRUP. Okay. So our special forces, for example, you say their mission is to capture or kill. And so if we capture, what are we doing with them?

Secretary CARTER. The answer is it depends on the circumstances and the location; the willingness of a host country to take custody of them, to prosecute them. I am not an expert on this. You have got to talk to the Justice Department about that and they are involved in these decisions.

But since these are—captures are—your question concerns captures that take place outside of U.S. territory, there are laws respecting that that we obey.

Dr. WENSTRUP. So, Mr. Secretary, are we capturing and then hands-off, we just turn them over? Are we involved with what may happen? The collection of intelligence is what I am after here. And so, what are we doing? And if you can't answer, maybe General Dempsey can, what our current posture is under this—

Secretary CARTER. Well, the answer is, Congressman, it depends on where—the circumstances of the capture. But to get to the point you are making, which is interrogation and intelligence value that is an important value to us. And it is important that whatever the ultimate disposition of the detainee is, that we have the opportunity to interrogate and debrief. And that is very important to us whatever the ultimate disposition of the detainee is.

And the chairman can add to that if he wants to.

General DEMPSEY. Yes, Congressman, what I would do is I think this is probably an important enough question that I will have my legal team work with the Secretary's and provide you a longer answer for the record.

[The information referred to can be found in the Appendix on page 101.]

General DEMPSEY. But I will say in places where we are in support of the host nation, for example in Iraq, we are literally in support of them. So they will do the capture operation, they will give access to the prisoners for us to conduct the kind of interrogation you describe as well as sensitive site exploitation, which is where you get even more.

Where someone is a direct threat to us, either U.S. persons and facilities or to the homeland, we actually have conducted operations with the Department of Justice represented and those individuals—there has been a handful, have been brought back to this country for trial.

Dr. WENSTRUP. Thank you, I appreciate that answer.

Can I ask you, if you could, Mr. Secretary, to finish this sentence for me.

And the sentence is, publicly stating that we will not use ground troops, although I may agree with the policy of using other troops, but publicly stating that we will not use ground troops is a good idea because—

If you could finish that sentence for me?

Secretary CARTER. I have got—I am not sure what you are getting at. I don't—

Dr. WENSTRUP. I am wondering why we want in our AUMF to say what—that we will not use this entity that we have?

Why is—

Secretary CARTER. Oh, the AUMF—well—

Dr. WENSTRUP. Even if I am not in favor of using them, why would we say that?

Secretary CARTER. What the AUMF says is that in the campaign against ISIL, we have a very wide range of authorities to wage that campaign, including those that we anticipate are necessary to conduct the campaign—and there is one limit to that, which is a Afghanistan or Iraq-like long ground campaign. That is not foreseen and so the AUMF does not request the authority to conduct that.

Dr. WENSTRUP. That doesn't really explain to me why it is a good idea. But I thank you for your answer and I yield back.

The CHAIRMAN. Mrs. Walorski.

Mrs. WALORSKI. Thank you, Mr. Chairman.

Gentlemen, thanks for being here.

Mr. Secretary, in follow-up to Representative Wenstrup's question, it just brings back to my mind this issue of GTMO [Guanta-

namo Bay Naval Station], when we are talking about people taken on the battlefield, people taken for questioning, intelligence gathering, do you support the President's plan?

I just came back from GTMO a couple of weeks ago, carried a lot of legislation since I have been here in a very short amount of time on the issue of GTMO.

Do you support the President's proposal to close GTMO by the end of this year and transfer those terrorists back to this country, to U.S. prisons?

Secretary CARTER. Thank you for that question. I don't think the President has a plan to close GTMO and return all the detainees to this country by the end of this year because there is a law that prohibits that. The President does have the stated intention to close GTMO and I am in favor of the safe closure of Guantanamo Bay.

I have been there, too; I thank—

Mrs. WALORSKI [continuing]. Would that include the core that can't be released to be—come back to the United States, the United States' prison system?

Secretary CARTER. Well, they have to be incarcerated in some way, there is no question.

Mrs. WALORSKI. The U.S. prison system?

Secretary CARTER [continuing]. But it cannot—

Mrs. WALORSKI. Do you—Mr. Secretary, do you support them coming back to the U.S. prison system?

Secretary CARTER. There has to be some final disposition—

Mrs. WALORSKI. Is that the only option for final disposition is the U.S. prison system?

Secretary CARTER. A, that is an option that is available—

Mrs. WALORSKI. What is the other alternative?

Secretary CARTER. But—

Mrs. WALORSKI. What is the other—

Secretary CARTER. Just a moment.

But it is now forbidden by law to do that.

Mrs. WALORSKI. This President has been known to override the law. It is not that this would be breaking news.

So do you support—not that you—what is the other alternative, if the U.S. prison system is not the final destination, what is the alternative, where would they go?

Secretary CARTER. I think that there—we need to work with those of you on Capitol Hill to find a lawful disposition for people who cannot be transferred or released safely from Guantanamo Bay.

The reason why I think it is desirable to close GTMO, though I realize it is now unlawful to transfer people to the United States, is that I think it still provides a point—a rallying point for jihadi recruiting, and I think that is unfortunate. That is the reason to try to close it. But I say safely close it. We need to find a way—

Mrs. WALORSKI. I appreciate—

Secretary CARTER [continuing]. To safely close it and that needs to be lawful and that has got to be done in cooperation with you.

Mrs. WALORSKI. I appreciate it.

As you know, Mr. Secretary, this committee is undertaking an investigation of the transfer of the Taliban Five from GTMO to

Qatar in May of 2014. I am just asking, in light of the committee's responsibility to conduct a comprehensive assessment based on a review of this important subject, will you commit today where the previous Secretary left off to continue the Department's engagement in ensuring all the requested materials provided and to work with the interagency to ensure that requested information is provided in those limited instances in which other organizations and the U.S. government have an equity?

Secretary CARTER. You bet, Congresswoman.

Mrs. WALORSKI. I appreciate it.

And then my final question is, in the—our President as the Commander in Chief said in his State of the Union address that the number one threat to the national defense is climate change.

General—Admiral Mullen just a few years ago said he believes the number one national defense issue in our Nation is the debt in our country.

Do you believe that the debt this Nation is carrying, nearly \$18 billion as we are sitting here as well, having budget conversations, is more of a threat to this Nation's national security than climate change?

Secretary CARTER. There are a number of serious dangers to the future of our country—

Mrs. WALORSKI. I would agree with you, sir. I am just asking—

Secretary CARTER [continuing]. Of which—

Mrs. WALORSKI [continuing]. I don't know you well. I am just trying to get a perspective from where you are coming from, as we are going to be voting on a huge leap in this budget, and I think the American people want to know where the national defense leader is coming from as well.

Do you believe that the Nation's debt is a greater issue than climate change, as our Commander in Chief has stated?

Secretary CARTER. I think they are both serious problems and there are other serious problems that are not those two and that we have to deal with all of those strategic challenges at the same time. You are naming two of the problems.

Mrs. WALORSKI. I am naming what the Commander in Chief said as he puts forth a budget that you guys have been defending here for 3 hours now.

I am just saying he says the greatest threat to our Nation is climate change and we are trying to make an argument that says, you know, the greatest threat to this nation in trying to rally people and understanding is that we have an issue of debt that an admiral went on the record to say was a serious consequence and a threat to the survivability of this country.

Did you agree?

Secretary CARTER. I think that to the extent that the deficit drives a budget behavior like the year-to-year struggle with sequester that we faced, that is a challenge to our national security because of the challenge to our national defense.

I think we have threats around the world that are very dangerous to us. I think that, to get to back to an earlier line of questioning, the strength of our Nation depends upon other instruments of national power than our military power.

I think in the long run the strength of our Nation depends upon our ability to educate people and to have scientists and engineers. There was a discussion of our scientific base earlier. There are many, many ingredients to making a healthy and productive America going forward. We need to tend to them all and I think we have to have balance in how we approach these things. So I would appeal for balance and a strategic view that looks at all of these issues.

The CHAIRMAN. Thank you.

Mr. Zinke.

Mr. ZINKE. Thank you, Mr. Chairman.

And gentlemen, the country is in your debt.

General, I have known you a long time and certainly for your service.

And Mr. Secretary, I had not known you as long but thank you for taking the job.

Having said that, this committee, I am a freshman. And before this committee, we have heard the testimonies of General Abizaid. We have heard certainly in conversations with General Conway that I know well and fought with in Fallujah.

And both of them have said that—I will quote General Conway—“there is not a snowball’s chance in hell that our operations alone are going to degrade and defeat ISIS.”

And then given the recent success of Iran, certainly they have embedded commanders in their forces, even though it is a modern Shia force, which has great ramifications long term.

And I have always been a fight-or-go-home guy. If we are going to fight, fight to win. I was never a flag officer; I was a deputy acting commander of special [operation] forces in Iraq, and I was a commander at SEAL Team Six. But I have always—in my career I have always looked at protection of our troops and making sure they had the right equipment, the right training, and the right rules of engagement to win decisively on the battle of field.

And having said that, if we are to embed, as Iran is having success to do, and if we are going to look at General Abizaid and General Conway’s and some of your senior leadership, then my concern is that if we embed, we don’t just embed with just a few, because we have seen what happens should an individual get captured. He is going to die a heinous death in a cage and burned alive.

So embedding is going to take a force package of relative weight and we are going to have to have a MEDEVAC [medical evacuation] because if one of our guys gets hurt, we are going to have to bring him out. And it is going to be at a U.S. facility somewhere close.

And if our guys get pinned down for some reason, that is a QRF [quick reaction force]. So that is American armor, American forces, because we don’t want another Somalia or Benghazi.

Then we have to have, you know, a logistics arm to make sure our allies we are fighting with—the Sunnis and the Kurds directly and the centralized government—have the ammunition, food, fuel, everything it takes to win, because now we have committed and embedded.

And my question is, do the current authorization as proposed, does it allow the flexibility for you, should the decision be made to

embed the force structure I have laid out? Does that authorization that you are asking—does it include the flexibility to embed that force package to win?

Secretary CARTER. Well, first of all, thanks for your own service, and thanks for bringing what is evidently a great store of knowledge to this committee. So thanks for that.

And the answer is yes. In fact, the President, when he first described the AUMF, enumerated a few things that were specifically permitted by it, which include many of the items on your list, so the answer is yes.

Mr. ZINKE. Thank you, Mr. Secretary.

And Mr. Chairman, I yield the remaining part of my time.

The CHAIRMAN. Thank you.

Mr. Knight.

Mr. KNIGHT. Thank you, Mr. Chair, but not least.

I am going to talk about air power a little bit, since it seems like over the last 15 or 20 years, we have diverted kind of a little away from X-Plane technology, put it into a little bit different phase of different exploration.

And now we are in a phase of flying the wings off an aircraft after 40 or 50 years and not going onto the next generation in, it seems to me to be a little quicker phase to stay up with technology.

Everyone has talked about the iPhone here today, and I have a 16-year-old at home that doesn't know anything different than living with the iPhone, even though it has only been out for 8 years.

So in the time—in the 1950s, when we had five or six fighters working through the program and we worked through the Century series and about an 8-year program, now we are looking at fifth-generation fighters that will probably go through 2050 or 2060.

Is that a concern? Is that a concern that we can do something quicker? We always talk about how we acquire things and how we can get through the acquisition phase quicker.

Well, if we could do that with technology, say we could do a sixth generation fighter today, it would be much more advanced than our Raptors in the air.

But how could we do that in a quicker phase of 15- to 20-year period and then fly them for 40 or 50 years?

Secretary CARTER. Well, thanks for that, and that, to me, recalls a word that the chairman used at the beginning of this hearing, which is agility. And if we don't have agility and our programs take 15 or 20 years to develop, we are not going to have the best military in the world.

On the other hand—not on the other hand, but in addition, it is the case that aircraft remain in our inventory for a long time. Now, they are not the same old aircraft; they are continually modified, their software is changed, their armaments are changed, and so forth.

But few realize, but I am sure you do, that 70 percent of the cost of a military system is in owning it, not buying it in the first place.

And so as we talk about acquisition reform and cost control, as we began this morning discussing, we must pay attention to sustainment costs. And in the fifth generation aircraft, the F-35 and so forth, we are trying to be very attentive to sustainment

costs because they are going to be the lion's share of the total life-cycle cost of the airplane.

Mr. KNIGHT. And Mr. Secretary, I do not argue with you, but in the phase of an aircraft, before fifth-generation, we are talking about armament and how we could change the aircraft. Some of that was with avionics. Some of that was with guts. But a lot of that was what we hung off the airplane.

Today, it is changing quicker, and it is changing yearly, of what the advancement in aircraft can be, how we detect them, how far they can get into the battlefield without being seen.

Those are the things that our young airmen are—should be worried about, because the advancements are coming so quickly. For about 50 years, those advancements weren't there. It was just, if we were faster than you and we could shoot first, then we beat you.

Secretary CARTER. I am with you, and I am very concerned that we keep up in the electronic-warfare field, which I think you are referring to in that.

Some of our potential opponents have made advances in that area, enabled by the spread of technology around the world. And so if we are going to keep the advantage that we have historically had, we need to keep up in those areas. So I am completely with you.

Mr. KNIGHT. Okay. In my last 50 seconds, I am just going to say that if there is some way we can do this in DOD that, you know—companies do this all of the time. We have talked about one today. They talk about how quickly they can get it out into the field, because the quicker they get it out there, the quicker they make money.

The quicker we can do that in DOD, the quicker the warfighter is safer or is ahead of the technological curve. And we have seen that with UASs [unmanned aircraft systems], with the young soldiers on the field where they are able to see the enemy where they probably couldn't see them without them getting around.

So those things, I would ask that we can do something like that in DOD that might replicate what they do in the private industry.

Secretary CARTER. We have a number of initiatives, Congressman, in our budget that have exactly that intent, and I would be pleased to provide you with more information on them.

But I think you are onto something that is terribly important, and it is one of the areas where we are trying to make investments, and we need the funding to make those investments.

Mr. KNIGHT. Thank you, Mr. Secretary.

And General, thank you. You have helped the freshman class very much. I am sure you have helped everyone on this dais, but I appreciate your service and your commitment to our country.

The CHAIRMAN. Ms. McSally. You are on.

Ms. MCSALLY. Thank you, Mr. Chairman.

Thank you, Secretary Carter, General Dempsey. I was a masters of public policy graduate, so you were one of my instructors back in 1988 to 1990, so it is good to see you again.

Secretary CARTER. Wonderful. Good to see you.

Ms. MCSALLY. Good that we have both been able to find a, you know, good job to make a difference here, right?

Secretary CARTER. Well, thank you. You make me proud.

Ms. MCSALLY. Well, I look forward to working with you in future. I want to talk a little bit about combat search and rescue capabilities in Iraq and Syria. I was 26 years in the military. I was an A-10 pilot, just truth in advertising there, and ran our joint search and rescue center during Operation Southern Watch and then the early days of the Afghanistan war.

So I know there are tremendous challenges in trying to make sure that if someone has to eject or they get shot down, that we are able to rescue them very quickly, also in the environment that we have seen with the fate of the Jordanian pilot, to be able to immediately be overhead to locate and protect them while we are moving the forces to pick them up. I mean, we have got to get them right away. I am sure you are aware of that.

I have gotten an initial brief, and I will get a more detailed, classified briefing tomorrow by the Joint Staff on our combat search and rescue posture.

But I am concerned, and I know maybe we will have to talk more classified about our response capability and our posture and whether it is limited by the 3,100-person-on-the-ground limitation, because we have got to be able to make sure, especially the guys flying single-engine airplanes, like the F-16, that if they have to eject, that we are going to do everything it takes, and sometimes that takes tremendous resources on airborne alert to be able to go in and protect them so that we can get them out.

So could you speak generally about that, and I would like follow-up probably in a more classified hearing.

Secretary CARTER. I will speak generally, because as you know full well—and thank you for what you did—we need to talk the details about this in a classified session, which we can do.

But in general, it is not the 3,100 limit that in any way paces the search and rescue effort there; it is time and distance, and we are very attentive to that.

Again, I don't want to say more here, but I am sure you can well imagine what I mean. Very attentive to that, indeed, for our air operations over both Iraq and Syria.

Let me see if the chairman wants to add anything.

General DEMPSEY. Yes, thanks, Mr. Secretary.

By the way, Congresswoman, speaking to you about combat search and rescue is like talking about nuclear issues sitting next to a nuclear physicist. But I will do so nevertheless.

It isn't—we are not limited—the BOG [boots on the ground] does not limit our ability to do combat search and rescue.

Ms. MCSALLY. Okay.

General DEMPSEY. And you know generally where we are postured. My staff will articulate that tomorrow.

We also, if we think the mission is high risk, as you know, we can actually put the package airborne as part of the air-tasking order. So we are very attentive to that. But I think you will find the staff will ease your concerns tomorrow.

Ms. MCSALLY. Okay, great, thank you. I wanted to follow up on the A-10 issue. You mentioned it earlier. I commanded the 354th Fighter Squadron. It's now deployed over to the European theater dealing with working with our allies related to the aggression that

we have seen come out of Russia. And we also have A-10s deployed, as you know, to Iraq and Syria.

But the President's budget requests mothballing 160 of them, and while we don't really have a suitable replacement. And I asked yesterday, Secretary James, if that was strictly a budget decision, and she said yes.

And I just wanted to hear from you if that is the case; whether this is—because we have heard many different arguments over the last few years, quite frankly, which are all over the map, that if you had the resources, would you keep the A-10 flying to its lifespan, which is 2028?

Secretary CARTER. I agree with Secretary James. It is strictly a budgetary issue. We are squeezed on all directions, and we are doing our best under—to give the country the defense it needs for the amount of money that we have.

The A-10 is a very proud aircraft, and has done an enormous amount for us over the years. And I think we have tried to find common ground with those here on the Hill. And very important to me, which is not a money issue, is to make sure that our close air support from the Air Force to our ground forces is a real enduring capability. I am satisfied that it is. I am sure that Secretary James said the same thing yesterday. Chairman, you want to add anything?

General DEMPSEY. You know, Congressman, we have got aircraft providing close air support from the Apache helicopter to the B-1. And the A-10 is in that sweep of capabilities. But it is, we are faced with a budget issue, and trying to make sure we keep enough capability that can operate both in contested and uncontested airspace.

Ms. MCSALLY. Great, thank you. My time is about to expire. But for the record, I do have a question I will be following up with. I know we are talking about making sure that women can be fully integrated into all jobs in the military, but I also want to hear whether there are deployment positions that are male-only positions.

We have seen some of the issues pop up at GTMO, when I served in Saudi Arabia. There are some specific positions that were male-only. So across the board, military and civilian, I would like a follow-up, whether you have male-only deployment positions for civilian and military. Thank you, Mr. Chairman.

[The information referred to was not available at the time of printing.]

The CHAIRMAN. Thank you. Mr. McCord, as promised, I want to come back on the audit issue, because we had two service secretaries yesterday who said the biggest impediment to achieving—to meeting the deadline in 2017 for their service to pass a clean audit was the Defense Finance and Accounting Service [DFAS] over which they had no control. Are you aware of the problem, and are you going to fix it?

Secretary MCCORD. Thank you, Mr. Chairman. Yes. I think we have a lot of hard work to do on audit, and we are making good progress. I think you probably heard both of those thoughts, both those sides yesterday.

The issue that came out—audit is very much a team sport in two ways. It requires the military departments who were here yesterday to work with service providers, which DFAS is probably the most important one in the Department in that respect.

The second way, though, it also requires the collaboration of people throughout the Department, people who do audit as a primary function, like our DFAS folks, it is a primary responsibility of theirs, but it also requires the logisticians and the personnel community, people who don't normally think, "Audit is my primary job," to work, or we can't make it work because it requires information from all those systems.

So in that respect, it is very much like if the Secretary were to turn to General Dempsey, to his right, and ask him to accomplish a task, and set up a task force, it would require the people at the tip of the spear, but it also requires the logisticians to airlift all the things that support.

Very much the same with our audit task. It requires financial managers that I am in charge of, but also, again, the logisticians and the personnel community, the people that own information across the Department.

So with respect to the DFAS issue that was raised yesterday, as I understand it, DFAS is an entity of itself. As an entity—reporting entity, it has passed a clean audit 15 times in a row. So they are not an incapable organization in any way. They are also doing the contracting for audit for all the military departments to get people on contract to do the independent auditing.

In a role as a service provider, they have had four areas where they have a clean audit, and have had a clean audit, which is their bread-and-butter areas of paying military, paying civilians, paying contractors, and disbursing.

The issue that came up where they did not pass was called "financial reporting," which is the most involved, complex, spreads across the whole Department issue, and that is where the challenge lies. So they were given 10 areas, 10 areas where they didn't—where they were examined, and there were 9 that didn't pass.

They were given 12 items to work on by the auditors. Ten of those will be done by the end of this year. But the other two will require a little more time. So I would say that this is why you do audits and exams the same way, again, just to make a military analogy, why you have an operational readiness inspection of a unit, to find out where you are good and where you are not.

But I just wanted to say that the DFAS is a capable partner. They do have a problem here. But financial reporting is not strictly a DFAS issue only, because it is interaction of information across the Department, which is one of the real hard parts of audit for us.

The CHAIRMAN. Mr. Secretary, all this talk about budget up here, and this makes a big difference. And those of us who believe we need to spend more on defense, if we can't improve the accountability for how we spend that money, it makes our job much, much more difficult.

And I appreciate how many—how complex this is, but I am just—as an editorial comment, it makes a big difference in getting budget support up here if we can meet those deadlines for an audit.

And if we can't, it undermines that effort. I know you know that, but it—particularly in the middle of these budget discussions, it is very much on my mind.

Mr. McCord, let me ask you one other thing. You have heard some of the discussion about what we can use OCO for, what we can't. My understanding is there is OMB [Office of Management and Budget] guidance, and perhaps some Department guidance, that helps direct the uses for OCO funds versus base funds.

My understanding, and my memory is that Congress can also designate OCO funds for procurement. And we bought F-35s in the past with OCO funds. Am I on the right track here?

Secretary MCCORD. Yes, Mr. Chairman. There is an agreement between the Office of Management and Budget and the Department of Defense. I was involved in negotiating that early on in this administration. We felt that it needed to be a little tighter than it had been when we got here.

That agreement dates to 2010, and it has got geographic aspects to it. Things that happened in this country, that country, the other country, are okay. Things that happened in countries not in the agreement may not be. And we have had some modifications to that.

You are also correct in that Congress plays a role. In general, OCO funding has to be designated by both the Congress and the President, as OCO spending, as emergency spending. That is the procedure that was followed both by this administration, and under the previous administration as well. So both parties have a voice.

And you mentioned F-35s have been an issue of contention in the past. In fact, just a few months ago, we requested to buy some F-35s to replace aircraft that were destroyed at Kandahar, as well as some training losses, and several of the committees, including this one, approved, but one did not. So there was division, remains division on these questions, sometimes of what was appropriate use of OCO.

The CHAIRMAN. Okay. Would you do me a favor, and would you or your folks submit to us in writing an overview of how OCO works now? As y'all said, this is not the best way to run a railroad. And I hope that we can have a different method of funding the Department as we move down the many steps ahead in the budget process.

If, however, we end up with a substantial amount of OCO to make up for gaps in the base, then I want to understand what all of those restrictions, administrative or legislative, may be, because those are things that we can obviously address in the authorization bill.

I don't know how this is going to go. I just want to be ready, and you can help us in understanding that. I would appreciate it.

Secretary MCCORD. Certainly will provide that information for the record.

[The information referred to can be found in the Appendix on page 101.]

The CHAIRMAN. Thank you. Mr. Secretary, last question I have got is about Ukraine. Mr. Smith has introduced legislation along with me that would require lethal assistance be provided to the Ukrainians so they can defend themselves, so they can do some-

thing about these tanks and armored personnel carriers that are pouring in from Russia.

What we have been told in all our previous hearings from the administration witnesses is, "Well, we are studying it."

Well, every day that the White House dithers about this, more equipment is pouring in for what I presume is going to be a renewed offensive at some point. So can you help me understand what the timeline is for a decision on—from the administration on providing lethal assistance to the Ukrainians?

Secretary CARTER. Yes. Thank you, Chairman. Two things. The first is you are right; our support for Ukraine, as it tries to create a place for itself in Europe, situated as it is between Europe and Russia, is very important. And I know you are asking about the military side of it.

The part I would preface, though, is that is principally a political, and above all, economic challenge, because the economy of Ukraine is in serious trouble. So I think the assistance of Western countries to the economy of Ukraine is the most important thing. It is not my responsibility, but I just wanted to say I think that is the most important thing.

We are supplying military assistance to the Ukrainian military. The President just made an announcement about a week ago about a military assistance at a number of categories, vehicles and so forth, that I think will be of material assistance to the Ukrainian military.

There are also under consideration—and yes, it is under consideration—some additional categories of assistance, which are defensive lethal assistance. And those are being considered. I think they should be considered. And I have said that before.

But it is a complicated decision that involves other kinds of assistance that we are giving, and the paramount fact, which is that we need to support the Ukrainians politically and economically. And in particular, our NATO partners and our European allies need to support Ukraine economically.

In the end, that is going to be the key to keeping what we all want, which is an independent Ukraine that can find its own way, and isn't pushed around by the Russians.

The CHAIRMAN. Well, I don't disagree with you about the importance of financial assistance. But what concerns me is while we study to death, and thus do not provide them the means with which to defend themselves against armor, among other things, and artillery attacks and so forth, the positions in the Eastern rebel-held area are strengthening.

And last point is countries around the world are watching how reliable a friend we are. And I am concerned that this has tremendous detrimental effects, encouraging Putin's aggression, and discouraging countries from being friends of the United States, because we are sitting here wringing our hands and providing a few blankets and whatnot.

I don't think that is a good way to go. I realize that this has turned into a White House call. Sorry. Last point is there is tremendous bipartisan support in both the House and the Senate for providing this assistance. And I really think the administration is

isolated on this issue. That is also something that is not good for the country.

I will—unless you have something you want to add, I don't want to cut you off, but—

Secretary CARTER. I would simply say that, a sort of personal observation, I was in Budapest in 1994 when the agreement was signed, that the Russians have violated. So I am very alive to the possibility that we had then, and I think still need to stick up for, of an independent Ukraine able to find its own way politically and economically, is the only thing I would say in the first instance. It is terribly important that that occur.

And the other thing I would say is nobody ought to mistake that, you know, Ukraine is a very, very important country to us. It is not a NATO ally. And I just want to make the point that as far as NATO allies are concerned, that raises a whole other set of issues that I hope anyone who is considering encroaching upon a NATO ally takes very seriously.

The CHAIRMAN. Well, I hope so, too. I will be traveling to that region shortly, and talking with some of those folks about it.

Secretary CARTER. Thank you for doing that.

The CHAIRMAN. Thank you all for being here. Mr. Secretary, welcome back. General Dempsey, you are going to miss us when you are gone.

General DEMPSEY. Yes, sir.

The CHAIRMAN. Thank you all for being here. With that, the hearing stands adjourned.

[Whereupon, at 1:05 p.m., the committee was adjourned.]

A P P E N D I X

MARCH 18, 2015

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 18, 2015

Statement of Ranking Member Adam Smith

HEARING ON

**The President's Proposed Authorization for the Use of Military Force Against ISIL and
the Fiscal Year 2016 National Defense Authorization Budget Request from the
Department of Defense**

March 18, 2015

Thank you, Mr. Chairman. I would like to join you in thanking our witnesses here today, and would like to thank you for holding this hearing.

I believe the President should be congratulated for proposing a responsible defense budget. The Administration has acknowledged that we cannot achieve our current defense strategy with sequestration funding levels, and now it is up to Congress to make its own determination. However, I am extremely disturbed by press reports that suggest the House Budget Committee under Republican leadership may set the defense spending caps in line with the BCA's post-sequester spending caps. These levels would be substantially below the President's budget request and would, in my view, be fundamentally irresponsible in this time of crisis and conflict.

Some of the chiefs of service here have, in discussions with members and staff, laid out the kind of hard choices they would have to make if we provided them with funding levels below those of the President's budget request. I think many of my colleagues found those discussions illuminating and often disturbing. It is my hope that we can have that conversation again in public, along with an explanation of how harmful sequestration has been in the past, and what the effects would be moving forward. In turn, I hope we can use that conversation to build support among members to support bipartisan, common sense solutions to our current budget dilemma. We should no longer allow the threat of sequestration to hang over the Department of Defense, and the entire Federal government. It is long past time for us to work seriously on our budget problems. We in Congress imposed the Budget Control Act and all its damage on the Department, and it is only a lack of Congressional leadership that keeps the BCA in place.

At this point, I will once again reiterate my call for making recommended reforms within the Department of Defense that will free up funding for the future. It is irresponsible of us to simultaneously deny the Administration's request for additional funds for the Department of Defense and reject the Department's pleas for additional flexibility to eliminate excess bases, retire old platforms, and make changes to the pay and benefits structure. Chairman Thornberry is admirably working on acquisition reform, which will hopefully free up some resources, but much more can be done. We should probably do these things anyway, in the interests of ensuring that America's tax dollars are well spent, but if we are not going to remove the threat of sequestration, the case is even more compelling.

Again, I would like to thank our witnesses for joining us today. And I would like to thank you, Mr. Chairman, for your continued focus on this important issue.

I yield back my time.

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**SECRETARY OF DEFENSE ASH CARTER
SUBMITTED STATEMENT TO THE HOUSE ARMED SERVICES
COMMITTEE ON THE FY 2016 BUDGET REQUEST FOR THE
DEPARTMENT OF DEFENSE
WEDNESDAY, MARCH 18, 2015**

Chairman Thornberry, Ranking Member Smith, Members of the Committee: thank you for inviting me here today to discuss the President's Fiscal Year 2016 budget request for the Department of Defense (DoD). Oversight is key to our system of government. I not only welcome your wisdom and experience; I also want your partnership, and need your help.

I also want to thank Chairman Dempsey for his leadership, as well as Deputy Secretary Work and Vice Chairman Winnefeld, in particular for all their hard work over the past year in helping develop the budget request we will be discussing today.

I. INTRODUCTION AND STRATEGY

During my first week as Secretary of Defense, I had the opportunity to see our troops in Afghanistan and Kuwait. Hearing from them was one of my highest priorities upon taking office.

In Afghanistan, our soldiers, sailors, airmen, and Marines are helping cement progress made toward a more secure, stable, and prosperous future, by training, advising, and assisting Afghan forces and continuing their counter-terrorism mission. They are working to ensure that Afghanistan never again becomes a safe haven for attacks on our homeland, or on our partners and allies.

In Kuwait, our men and women in uniform are contributing to our counter-ISIL coalition in Iraq and Syria. They are working closely with Iraq and our global coalition partners to ensure that local forces can deliver lasting defeat to a vile enemy that has barbarically murdered American citizens, Iraqis, Syrians, and so many others, and that seeks to export its hateful and twisted ideology across the Middle East and North Africa, and beyond.

No doubt the challenges and opportunities we face extend well beyond the Middle East.

In Europe, our troops are helping reinforce and reassure our allies in Eastern Europe as we confront a reversion to archaic security thinking.

In the Asia-Pacific – home to half the world's population and economy – they are working to modernize our alliances, build new partnerships, and helping the United States continue to underwrite stability, peace, and prosperity in the region – as we have for decades.

And as we still meet longtime challenges, such as the continuing imperative to counter the spread of weapons of mass destruction, our armed forces are also addressing new dangers, such as in cyberspace. As I told our elite cyber warriors when I visited them at Cyber Command last week, they are not just pioneers on the frontier of technology. They are a force on the front lines – defending our networks, supporting our troops in the field, and preparing for a full range of cyber contingencies.

Across the world, in every domain, it is America's leadership, and America's men and women in uniform, who often stand between disorder and order – who stand up to malicious and destabilizing actors, while standing behind those who believe in a more secure, just, and prosperous future.

Mr. Chairman, this committee and this Congress will determine whether our troops can

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continue to do so – whether they can continue to defend our nation’s interests around the world with the readiness, capability, and excellence our nation has grown accustomed to, and sometimes taken for granted.

Halting and reversing the decline in defense spending imposed by the Budget Control Act, the President’s budget would give us the resources we need to execute our nation’s defense strategy.

It would ensure we field a modern, ready force in a balanced way, while also embracing change and reform, because asking for more taxpayer dollars requires we hold up our end of the bargain – by ensuring that every dollar is well-spent.

The President is proposing to increase the defense budget in Fiscal Year 2016, but in line with the projection he submitted to Congress last year in the Fiscal Year 2015 budget’s Future Years Defense Program (FYDP). The department is executing the plan it presented last year. Accordingly, for Fiscal Year 2016, the President is proposing \$534 billion for DoD’s base budget and \$51 billion in Overseas Contingency Operations (OCO), totaling \$585 billion to sustain America’s national security and defense strategies.

The Defense Department needs your support for this budget, which is driven by strategy, not the other way around. More specifically, it is driven by the defense strategy identified in the 2014 Quadrennial Defense Review, which reflects the longtime, bipartisan consensus that our military must protect the homeland, build security globally, and project power and win decisively. We do so in line with our longstanding tradition of maintaining a superior force with an unmatched technological edge, working in close partnership with friends and allies, upholding the rules-based international order, and keeping our commitments to the people who make up the all-volunteer force.

Our defense budget’s priorities line up with our strategic priorities: sustaining America’s global leadership by:

- rebalancing to the Asia-Pacific region;
- maintaining a strong commitment to security and stability in Europe and the Middle East;
- sustaining a global counterterrorism campaign;
- strengthening key alliances and partnerships; and,
- prioritizing key modernization efforts.

This budget ensures we can execute our defense strategy with manageable risk, even as it does require us to accept elevated risk in some areas.

But – and I want to be clear about this – parts of our nation’s defense strategy cannot be executed under sequestration, which remains the law of the land and is set to return 197 days from today.

As I have said before, the prospect of sequestration’s serious damage to our national security and economy is tragically not a result of an economic emergency or recession.

It is not because these budget cuts are a mathematical solution to the nation’s overall fiscal challenge – they are not.

It is not because paths of curbing nondiscretionary spending and reforming our tax system have been explored and exhausted – they have not.

It is not due to a breakthrough in military technology or a new strategic insight that somehow makes continued defense spending unnecessary – there has been no such silver bullet.

And it is not because the world has suddenly become more peaceful – for it is abundantly clear that it has not.

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Instead, sequestration is purely the collateral damage of political gridlock. And friends and potential enemies around the world are watching.

We in the Department of Defense are prepared to make difficult strategic and budgetary choices. We are also committed – more than ever before – to finding new ways to improve the way we do business and be more efficient and accountable in our defense spending.

But in order to ensure our military remains the world's finest fighting force, we need to banish the clouds of fiscal uncertainty that have obscured our plans and forced inefficient choices. We need a long-term restoration of normal budgeting and a deal that the President can sign, and that lives up to our responsibility of defending this country and the global order. And that means, among other things, avoiding sequestration.

To be sure, even under sequestration, America will remain the world's strongest military power. But under sequestration, our military – and our national security – would have to take on irresponsible and unnecessary risk – risk that previous Administrations and Congressional leaders have wisely chosen to avoid.

Sequestration would lead over time to a military that looks fundamentally different and performs much differently than what we are used to. Not only as Secretary of Defense, but simply as an American, I deeply, earnestly hope we can avert that future. I am committed to working with the members of this committee, and your colleagues throughout the Congress to prevent it.

I know how proud you and all Americans are that we field the finest fighting force in the world. But our military superiority was not built, and will not be sustained, by resting on our laurels. So instead of resigning ourselves to having the diminished military that sequestration would give us, I propose that we build the force of the future, together.

II. BUILDING THE FORCE OF THE FUTURE

Assuming the Congress funds the President's Fiscal Year 2016 budget and averts sequestration, we have the opportunity to build the force of the future. We have inherited a long tradition of military excellence from those who came before us, and we must preserve it for those who will come after.

But to do so, DoD must embrace the future – and embrace change – throughout our institution. We must be open to new ideas and new ways of doing business that can help us operate more efficiently and perform more effectively in an increasingly dynamic and competitive environment.

What DoD Needs To Do

As DoD counters the very real dangers we face in the world, we will also grab hold of the bright opportunities before us – opportunities to be more competitive and re-forge our nation's military and defense establishment into a future force that harnesses and develops the latest, cutting-edge technology, and that remains superior to any potential adversary; one that is efficient and accountable to the taxpayers who support it; and one that competes and succeeds in attracting the next generation of talented Americans to fill its ranks.

These are the three main pillars on which DoD will build the force of the future.

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Competitiveness through Technological and Operational Superiority

As other nations pursue comprehensive military modernization programs and develop technologies designed to blunt our military's traditional advantages, the first pillar of our future force must be ensuring that we maintain – and extend – our technological edge over any potential adversary.

The President's Fiscal Year 2016 budget includes targeted investments in modernized space, cyber, and missile defense capabilities geared toward countering emerging threats that could upend our technological superiority and our ability to project power. DoD would look forward to providing a full account of our proposed modernization investments, and the threats that compel them, in a classified setting.

The budget also supports the Defense Innovation Initiative, which will help ensure the military continues to ride the leading edge of innovation, and makes deferred modernization investments that will ensure America's nuclear deterrent remains safe, secure, and effective. Across all these efforts, we must be open to global, commercial technology as well, and learn from advances in the private sector.

Because we know that technology alone – however advanced – cannot sustain our military's superiority, just as important is a ruthless focus on operational excellence. This means using our existing forces and capabilities in new, creative, and fiscally prudent ways to achieve our objectives. This also means working to develop more innovative and effective strategic and military options for the President, introducing a new and more rapidly responsive global force management model, developing new operational concepts, and reforming and updating all our operational plans.

Competitiveness through Accountability & Efficiency

The second pillar of building the force of the future requires redoubling our efforts to make DoD more accountable and efficient. We live in a competitive world and need to be a competitive organization. If we don't lean ourselves out and maintain our fighting weight, we have no business asking our fellow citizens for more resources.

As I made clear in my confirmation hearing, I cannot suggest greater support and stability for the defense budget without at the same time frankly noting that not every defense dollar is always spent as well as it should be.

American taxpayers rightly have trouble comprehending – let alone supporting – the defense budget when they read of cost overruns, insufficient accounting and accountability, needless overhead, and the like.

If we're asking taxpayers to not only give us half a trillion of their hard-earned dollars, but also give us more than we got last year, we have to demonstrate that we can be responsible with it.

We must do all we can to spend their money more wisely and more responsibly. We must reduce overhead, and we must curb wasteful spending practices wherever they are.

DoD has sought to continuously improve our acquisition processes over the past five years, and I am proud myself to have been a part of that effort. Today, I am recommitting the Defense Department to working both with Congress, and on our own, to find new and more creative ways of stretching our defense dollars to give our troops the weapons and equipment they need.

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The department's Better Buying Power initiative is now on its third iteration since I established it in 2010, with Better Buying Power 3.0 focused on achieving dominant capabilities through technical excellence. I know well and very much appreciate the strong support for acquisition reform demonstrated by the House and Senate Armed Services Committees, and their Chairmen, and I share their deep desire to achieve real, lasting results that benefit both America's security and taxpayers.

DoD is working closely with committee Members and staff on ways to eliminate some of the burdensome and duplicative administrative requirements levied on our program managers. To that end, the President's FY 2016 budget submission includes a number of legislative proposals designed to help streamline the program oversight process. We look forward to continuing our close partnership with Congress to see these measures implemented.

As we sustain our focus on acquisition reform, I believe that DoD must concurrently undertake a wholesale review of our business practices and management systems.

Our goal is to identify where we can further reduce the cost of doing business to free up funding for readiness and modernization – ensuring that our energy, focus, and resources are devoted to supporting our frontline operations as much as possible.

We intend to work closely with industry partners – who execute or enable many of our programs, logistics, training, administrative, and other functions – throughout this process, both to explore how they could help us accomplish our missions at reduced cost, and because they may have new and innovative ideas worth considering.

Additionally, the Defense Department is pursuing creative force structure changes to be more agile and efficient – such as how we're modernizing our cruisers and restructuring Army aviation. We've established a new Defense POW/MIA Accounting Agency. And four previous rounds of efficiency and budget reduction initiatives have yielded approximately \$78 billion in projected and actual savings in FY 2016, helping to cushion our defense programs from successive years of budget cuts.

We're also working hard to cut unnecessary overhead: from reducing management headquarters budgets by 20 percent across the department, to divesting excess bases and infrastructure.

When DoD recently requested a round of domestic Base Realignment and Closure, Congress asked that we first pursue efficiencies in Europe. We did. DoD has approved and is pursuing a broad European Infrastructure Consolidation – which will result in some \$500 million in annual recurring savings. We now need a round of domestic BRAC beginning in Fiscal Year 2017 to address excess infrastructure here at home.

Simply put, we have more bases in more places than we need. We estimate DoD has about 25 percent more infrastructure capacity than necessary. We must be permitted to divest surplus infrastructure as we reduce and renew force structure. With projected recurring savings from a new BRAC round totaling some \$2 billion a year, it would be irresponsible to cut tooth without also cutting tail.

For base communities in question, it's important to remember that BRAC is often an opportunity to be seized. Communities have shown that BRAC is ultimately what you make of it, and there are plenty of places that have emerged from it stronger than they were before.

Consider Lawrence, Indiana, which took advantage of Fort Harrison's closure in 1996 to create an enterprise zone, community college, recreational facilities, and commercial sites that in just 7 years not only replaced 100 percent of the jobs lost when the base closed, but created even more.

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Charleston, South Carolina stepped up when the Charleston Naval Complex closed in 1993, and now is home to more than 80 new industrial and federal agency tenants. The former naval base is now producing millions of dollars' worth of goods that are exported to Europe, Africa, and the Middle East.

And at former Mather Air Force Base in Sacramento County, California, the local redevelopment effort has invested \$400 million and created more than 6,500 jobs – over six times the number of jobs lost when the base closed in 1993. It's now home to scores of businesses, a mixture of private companies, government agencies, and non-profit organizations.

These are just a few examples of what can happen when local leaders, communities, and businesses work together and take advantage of the opportunities for new jobs and new growth after BRAC.

One more point on accountability: Whether we're improving acquisition or closing bases, it is not enough to simply tell taxpayers that we're spending their dollars responsibly. We have to also show them, which is why good cost accounting and financial auditability is so important to me.

DoD has made significant progress over the past five years in adding more discipline to our business environment, but there is much work left to be done, and we remain fully committed to our current audit goals.

Today, over 90 percent of DoD's current year, general fund budgetary resources are under some form of financial audit, with the military services all involved and following the model employed by the Marine Corps.

We plan to submit every corner of DoD to this kind of audit regimen beginning in FY 2016. With this foundation, the department will progressively expand the scope of these audits until all our organizations, funds, and financial statements will be under audit in FY 2018, complying with Congress's statutory direction to be audit ready by the end of FY 2017.

There's a reason why auditing is a basic practice as ancient as the Domesday Book, and it is time that DoD finally lives up to its moral and legal obligation to be accountable to those who pay its bills. I intend to do everything we can – including holding people to account – to get this done.

Competitiveness through Attracting Future Talent

Third, but no less important, DoD must be competitive when it comes to attracting new generations of talented and dedicated Americans to our calling of defending the nation.

We know how the attacks of September 11th, 2001 motivated so many Americans to want to be part of this noble endeavor. Going forward, we must ensure our future force can continue to recruit the finest young men and women our country has to offer – military and civilian – like those who serve today.

As we do this, we must be mindful that the next generation expects jobs that give them purpose, meaning, and dignity. They want to be able to make real contributions, have their voices heard, and gain valuable and transferable experience. We must shape the kind of force they want to be in. The battle for talent will demand enlightened and agile leaders, new training schemes, new educational opportunities, and new compensation approaches.

DoD is already pursuing several initiatives that will help ensure the military is a compelling career option. In recent years, we've been expanding pilot programs that facilitate breaks in service that let our people gain diverse work experience. We've tailored our transition

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assistance program, Transition GPS, to better prepare servicemembers to enter the civilian workforce – providing different tracks for those who want to go to college, those who want skills training, and those who want to be entrepreneurs. And we've put a renewed focus on military ethics and professionalism, as well as making sure our military health system is held to the same high-quality standards we expect from the servicemembers and military family members under its care.

Because we know how important it is – both for today's servicemembers and the generation that will follow them – we're also deeply committed to creating an environment and culture where we live the values we defend and every servicemember is treated with the dignity and respect they deserve.

That's why we're continuing to expand combat positions available to women – because everyone who's able and willing to serve their country should have full and equal opportunity to do so.

It's why we're striving to eliminate sexual assault from the military.

And it's why we've been making sure gay and lesbian servicemembers can serve openly, and that their families receive the benefits their loved ones have earned.

But for everything we're doing, DoD cannot build the force of the future by ourselves. We need Congress's help.

What We Need Congress To Do

Since our current defense budget drawdown began several years ago, I've observed something of a phenomenon here in Washington.

Along with our troops, their families, and our defense civilians, I thank our supporters on Capitol Hill, including most members of this committee, who have joined with us in trying to do everything possible to get Congress to prevent more mindless cuts to our defense budget.

Unfortunately, these combined efforts have been unsuccessful in actually restoring adequate and predictable resources for DoD. We have had to endure deep cuts to readiness, weather pay freezes and civilian furloughs, and cut badly needed investments in modernization and critical technologies. At the same time, Congress has sometimes sought to protect programs that DoD has argued are no longer needed, or require significant reform.

We have had the worst of both worlds – a double whammy of mindless sequestration coupled with inability to reform.

As many of you know, it wasn't always this way.

During the defense drawdown after the Cold War, DoD had much more flexibility thanks to the help of Congress. For example, we were able to resize the Army, retire the A-6 Intruder and many other weapons systems, and implement multiple BRAC rounds, which freed up dollars we re-allocated to keep our force structure ready, capable, and deployable around the world.

I know some of the changes and reforms we're proposing may feel like a significant change from how we currently do business. But if anyone can understand how the dots connect and how we need Congress's help to be able to defend our country, our allies, and our interests in an increasingly dangerous world, it's you – the members of this committee.

The fact is, if we're not able to implement the changes and reforms we need, we will be forced to make painful tradeoffs, even at the higher topline the President is requesting. We will lose further ground on modernization and readiness – leaving tomorrow's force less capable and leaving our nation less secure. And we will face significant hurdles to executing our nation's

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defense strategy. That’s why we need your help.

III. THE PRESIDENT’S FISCAL YEAR 2016 BUDGET

As we do every year when formulating our budget, this budget seeks to balance readiness, capability, and size – because we must ensure that, whatever the size of our force, we have the resources to provide every servicemember with the right training, the right equipment, the right compensation, and the right quality of fellow troops. That is the only way we can ensure our military is fully prepared to accomplish its missions.

Almost two-thirds of DoD’s Fiscal Year 2016 base budget – \$348.4 billion – funds our day-to-day expenses, similar to what a business would call its operating budget. This covers, among other expenses, the cost of fuel, spare parts, logistics support, maintenance, service contracts, and administration. It also includes pay and benefits for military and civilian personnel, which by themselves comprise nearly half of our total budget.

The remaining third of our base budget – \$185.9 billion – comprises investments in future defense needs, much like a business’ capital improvement budget. It pays for the research, development, testing, evaluation, and ultimately acquisition of the weapons, equipment, and facilities that our servicemembers need.

Broken down differently, our base budget includes the following categories:

- Military pay and benefits (including health care and retirement benefits) – \$169 billion, or about 32 percent of the base budget.
- Civilian pay and benefits – \$79 billion, or about 15 percent of the base budget.
- Other operating costs – \$105 billion, or about 20 percent of the base budget.
- Acquisition and other investments (Procurement; research, development, testing, and evaluation; and new facilities construction) – \$181 billion, or about 34 percent of the base budget.

Modernization

What makes this budget different is the focus it puts, more so than any other over the last decade, on new funding for modernization. After years of war, which required the deferral of longer-term modernization investments, this budget puts renewed emphasis on preparing for future threats – especially threats that challenge our military’s power projection capabilities.

Threats to Power Projection and our Technological Edge

Being able to project power anywhere across the globe by rapidly surging aircraft, ships, troops, and supplies lies at the core of our defense strategy and what the American people have come to expect of their military. It guarantees that when an acute crisis erupts anywhere in the world, America can provide aid when disaster strikes, reinforce our allies when they are threatened, and protect our citizens and interests globally. It also assures freedom of navigation and overflight, and allows global commerce to flow freely.

For decades, U.S. global power projection has relied on the ships, planes, submarines, bases, aircraft carriers, satellites, networks, and other advanced capabilities that comprise our military’s unrivaled technological edge. But today that superiority is being challenged in unprecedented ways.

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Advanced military technologies, from rockets and drones to chemical and biological capabilities, have found their way into the arsenals of both non-state actors as well as previously less capable militaries. And other nations – among them Russia, China, Iran, and North Korea – have been pursuing long-term, comprehensive military modernization programs to close the technology gap that has long existed between them and the United States.

These modernization programs are developing and fielding advanced aircraft, submarines, and both longer-range and more accurate ballistic and cruise missiles. They're developing new and advanced anti-ship and anti-air missiles, as well as new counter-space, cyber, electronic warfare, undersea, and air attack capabilities. In some areas, we see levels of new weapons development that we haven't seen since the mid-1980s, near the peak of the Soviet Union's surge in Cold War defense spending.

Targeted Investments in the President's Budget

One of the reasons we are asking for more money this year than last year is to reverse recent under-investment in new weapons systems by making targeted investments to help us stay ahead of emerging threats – adding substantial funding for space control and launch capabilities, missile defense, cyber, and advanced sensors, communications, and munitions – all of which are critical for power projection in contested environments.

The budget also makes significant investments in the resilience and survivability of our infrastructure and forces, particularly in the western Pacific, with improved active defenses such as our Patriot and AEGIS systems, as well as selective hardening of key installations and facilities.

DoD is also addressing the erosion of U.S. technological superiority with the Defense Innovation Initiative (DII). The DII is an ambitious department-wide effort to identify and invest in innovative ways to sustain and advance America's military dominance for the 21st century.

The DII will identify, develop, and field breakthrough technologies and systems through a new Long-Range Research & Development Planning Program, and the President's budget supports this effort through specific investments in promising new technologies and capabilities such as high-speed strike weapons, advanced aeronautics, rail guns, and high energy lasers. The DII also involves the development of innovative operational concepts that would help us use our current capabilities in new and creative ways. The ultimate aim is to help craft 'offset strategies' that maximize our strengths and exploit the weaknesses of potential adversaries.

Our budget is also making focused and sustained investments in modernization and manning across the nuclear enterprise, even as we reduce the roles and numbers of nuclear weapons in the U.S. nuclear posture. These investments are critical for ensuring the continued safety, security, and effectiveness of our nuclear deterrent, as well as the long-term health of the force that supports our nuclear triad, particularly after recent troubling lapses in parts of DoD's nuclear enterprise. To help fund improvements across the nuclear enterprise, we are requesting an increase of approximately \$1 billion in Fiscal Year 2016, and about \$8 billion over the FYDP.

Readiness

DoD must rebuild and recover after more than 13 years of uninterrupted war. But our effort to do so has been frustrated by two variables, both of which are out of our hands – one, the continued high operational tempo and high demand for our forces, and two, the uncertainty

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surrounding annual appropriations.

Only over the last couple of years has readiness begun to recover from the strains of over a decade of war, exacerbated by sequestration in 2013. Nevertheless, readiness remains at troubling levels across the force.

While our forward-deployed forces remain ready, our surge forces at home are not as ready as they need to be. The President’s budget therefore invests in near-term unit readiness by adjusting service end-strength ramps to reduce personnel turbulence and stress on the force, while increasing funding to improve home station training and training-related infrastructure.

This past year has demonstrated that our military must be ready to fight more than just the last war. We have to be prepared across all domains – air, land, sea, space, and in cyberspace – to engage in both low- and high-end missions and conflicts, as well as in the shadowy, so-called ‘hybrid warfare’ space in between.

While this budget submission’s requested and projected funding levels will enable the military to continue making steady progress toward full-spectrum combat readiness, the gains we’ve recently made are fragile. Sustaining them to provide for ready and capable forces will require both time and a stable flow of resources, which is why, even under the budget we’re requesting, the Army, Navy, and Marine Corps won’t all reach their readiness goals until 2020, and the Air Force won’t do so until 2023.

Army:

For Fiscal Year 2016, the Army’s base budget of \$126.5 billion supports an end-strength of 1,015,000 soldiers – 475,000 soldiers on active duty, 342,000 soldiers in the Army National Guard, and 198,000 soldiers in the Army Reserve – comprising 57 total force brigade combat teams and associated enablers. The budget also supports 19 brigade-level training rotations at the Army’s Combat Training Centers, which are critical to the Army’s efforts to reach full-spectrum combat readiness.

While the Army’s postwar end-strength target remains a force of approximately 450,000 active-duty soldiers, 335,000 Army National Guard soldiers and 195,000 Army Reserve soldiers, this year’s budget slows the drawdown rate. Rather than planning to reduce the active-duty force by 20,000 soldiers and the National Guard by 14,000 soldiers in Fiscal Year 2016, the Army will instead plan to reduce by 15,000 active-duty soldiers and 8,000 Guardsmen, while still maintaining its schedule for reducing unit structure. This will help mitigate personnel turbulence and stress, while also improving unit manning as the Army approaches its target size.

The Army’s budget for Fiscal Year 2016 also includes \$4.5 billion for Army helicopter modernization. Specifically:

- UH-60M Black Hawk: We are requesting \$1.6 billion to support buying 94 multi-mission helicopters in FY 2016, and \$6.1 billion for 301 helicopters over the FYDP.
- AH-64E Apache: We are requesting \$1.4 billion to support development and purchase of 64 attack helicopters in FY 2016, and \$6.2 billion for 303 helicopters over the FYDP.
- CH-47F Chinook: We are requesting \$1.1 billion to support development and purchase of 39 cargo helicopters in FY 2016, and \$3.2 billion for 95 helicopters over the FYDP.
- UH-72 Lakota: We are requesting \$187 million in FY 2016 to support the final buy of 28 light utility helicopters.

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These investments require difficult trade-offs given today's constrained fiscal environment. That is why the Army is resubmitting the Army's Aviation Restructure Initiative, which makes the most efficient use of taxpayer dollars by retiring outdated airframes and streamlining the Army's helicopter fleet so that platforms can be modernized and allocated where they are needed most.

As you know, I am committed to reviewing the Army's Aviation Restructure Initiative. However, the Army believes that fully implementing the Aviation Restructure Initiative (ARI), which includes shifting National Guard Apaches to active-duty units while providing Guard units with Black Hawks, is prudent for several reasons.

For one, Apaches are in high demand at high levels of readiness that would require Guard units manning them to mobilize at unprecedentedly high rates; or alternatively, for the Army to spend a total of approximately \$4.4 billion to fully equip the Guard's Apache battalions, and then \$350 million per year to maintain them at those high levels of readiness. Meanwhile, Black Hawks are more suitable for Guard missions here at home. Whether homeland defense, disaster relief, support to civil authorities, or complementing our active-duty military, these missions tend to demand transport and medical capabilities more than the attack capabilities of Apaches. In sum, the initiative avoids approximately \$12 billion in costs through Fiscal Year 2035 and saves over \$1 billion annually starting in Fiscal Year 2020. Considering these figures, implementing the Aviation Restructure Initiative is not only in the best warfighting interest of the Army, but also in the interest of the taxpayers who fund it.

I know this is a contentious issue. However, we believe the ARI is the least cost, best solution for the Army's aviation enterprise. DoD looks forward to making its case to the National Commission on the Future of the Army established by the 2015 National Defense Authorization Act.

Navy & Marine Corps:

The Navy and Marine Corps are allocated \$161 billion for Fiscal Year 2016, supporting a 282-ship fleet in 2016 and a 304-ship fleet by Fiscal Year 2020 with a return to 11 aircraft carriers, 386,600 active-duty and Reserve sailors, and 222,900 active-duty and Reserve Marines.

The President's budget invests \$16.6 billion in shipbuilding for Fiscal Year 2016, and \$95.9 billion over the FYDP. The budget protects critical Navy and Marine Corps investments in undersea, surface, amphibious, and airborne capabilities – all of which are critical for addressing emerging threats. Specifically:

- Submarines: We are requesting \$5.7 billion for FY 2016, and \$30.9 billion over the FYDP, to support buying two Virginia-class attack submarines a year through FY 2020. We are also requesting \$1.4 billion in FY 2016, and \$10.5 billion over the FYDP, to support the replacement for the Ohio-class ballistic missile submarine.
- DDG-51 Guided Missile Destroyers: We are requesting \$3.4 billion for FY 2016, and \$18.5 billion over the FYDP, to support the continued development and procurement of two DDG-51 destroyers a year through FY 2020.
- Aircraft Carriers: The President's budget plan enables us to support 11 carrier strike groups. We are requesting \$678 million in FY 2016, and \$3.9 billion over the FYDP, to support the refueling and overhaul of the U.S.S. *George Washington*. We are also requesting \$2.8 billion in FY 2016, and \$12.5 billion over the FYDP, to support completion of the *Gerald Ford*, fourth-year construction of the *John F. Kennedy*, and

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long-lead items for CVN-80, *Enterprise*.

- Littoral Combat Ships (LCS) and Small Surface Combatants: We are requesting \$1.8 billion in FY 2016, and \$9.4 billion over the FYDP, to support development and procurement of 14 littoral combat ships over the FYDP – including three LCS in FY 2016. We are also requesting \$55 million in FY 2016, and \$762.8 million over the FYDP, to support capability improvements to the survivability and lethality of the LCS required for the Navy to modify it into a small surface combatant.
- Fleet Replenishment Oiler: We are requesting \$674 million to support buying one new fleet replenishment oiler, the TAO(X), in FY 2016 – part of a \$2.4 billion request to buy four of them over the FYDP.
- Amphibious Transport Docks: We are requesting \$668 million in FY 2016 to finish buying one San Antonio-class amphibious transport dock.
- F-35 Lightning II Joint Strike Fighter: The Department of the Navy is procuring two F-35 variants, the Navy carrier-based F-35C and the Marine Corps short-take-off-and-vertical-landing F-35B. The Navy and Marine Corps are requesting \$3.1 billion in FY 2016 to support procurement of 13 aircraft – nine F-35Bs and four F-35Cs – and aircraft modifications and initial spares, and \$20.9 billion over the FYDP to support procurement of 121 aircraft and aircraft modifications and initial spares.
- Patrol and Airborne Early Warning Aircraft: We are requesting \$3.4 billion in FY 2016, and \$10.1 billion over the FYDP, to support continued development and procurement of 47 P-8A Poseidon maritime patrol aircraft through FY 2020. We are also requesting \$1.3 billion in FY 2016, and \$6.1 billion over the FYDP, to support buying 24 E-2D Hawkeye airborne early warning aircraft through FY 2020.

Making these investments while also abiding by fiscal prudence, we had to make more difficult trade-offs. For that reason, we are resubmitting our request to place some of the Navy's cruisers and an amphibious landing ship – 12 ships in total, including 11 cruisers – into a phased modernization program that will provide them with enhanced capability and a longer lifespan. Given that our cruisers are the most capable ships for controlling the air defenses of a carrier strike group, and in light of anti-ship missile capabilities being pursued by other nations, this modernization program will, over the next decade and a half, be a baseline requirement for sustaining both our cruiser fleet and 11 carrier strike groups through 2045.

I acknowledge and appreciate the plan put forward in the 2015 National Defense Authorization Act, which helps us get to our goal, and which we have begun to implement. However, this plan is more expensive, and results in shorter ship life. Considering that our plan is critical for our power projection capabilities, we believe it should be implemented in full, and look forward to working with the Congress as we move forward.

Air Force:

The Air Force is allocated a base budget of \$152.9 billion for Fiscal Year 2016, supporting a force of 491,700 active-duty, Guard, and Reserve airmen, 49 tactical fighter squadrons, 96 operational bombers out of a total 154-aircraft bomber fleet, and a safe, secure, and effective nuclear deterrent that includes 450 intercontinental ballistic missiles.

The Air Force's budget reflects DoD's decision to protect modernization funding for advanced capabilities and platforms most relevant to both present and emerging threats – in this case, fifth-generation fighters, long-range bombers, and mid-air refueling aircraft to assure our

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air superiority and global reach; both manned and remotely-piloted aircraft to help meet Combatant Commanders' needs for intelligence, surveillance, and reconnaissance (ISR); and research and development to ensure continued and competitive space launch capabilities. Specifically:

- **F-35A Lightning II Joint Strike Fighter:** We are requesting \$6 billion to support buying 44 aircraft, aircraft modifications, and initial spares in FY 2016, and \$33.5 billion to support buying 272 aircraft, modifications, and spares over the FYDP.
- **KC-46A Pegasus Refueling Tanker:** We are requesting \$2.4 billion to buy 12 aircraft in FY 2016, and \$14.6 billion to buy 72 aircraft over the FYDP.
- **Long-Range Strike Bomber:** We are requesting \$1.2 billion for research and development in FY 2016, and \$13.9 billion over the FYDP.
- **Remotely-Piloted Aircraft:** We are requesting \$904 million to support buying 29 MQ-9A Reapers in FY 2016, and \$4.8 billion to support buying 77 of them over the FYDP. This investment is critical to ensuring the Air Force has enough around-the-clock permissive ISR combat air patrols – in this case, allowing us to increase from 55 to 60 – to meet increased battlefield demands.
- **Competitive Space Launch:** This budget supports year-over-year increases in competitive space launches – going up from two in FY 2015 to three in FY 2016, and further increasing to four competitive launches in FY 2017. The budget also supports investments to mitigate DoD reliance on the RD-180 space engine that powers the Atlas V Evolved Expendable Launch Vehicle rockets.
- **Combat Rescue Helicopter:** We are requesting \$156 million in FY 2016 for the Air Force's next-generation combat rescue helicopter – part of a total \$1.6 billion request over the FYDP for research, development, testing, and evaluation – and requesting \$717 million over the FYDP for procurement.

In light of high demand coupled with Congressional consultations, the Air Force budget reflects DoD's decision to slow the retirement timelines for three key ISR and battle management platforms.

We chose to defer the retirement of the U-2 Dragon Lady reconnaissance aircraft until Fiscal Year 2019, when planned sensor upgrades to the RQ-4 Global Hawk will combine with other capabilities to mitigate the loss of the U-2. We chose to delay the previously planned retirement of seven E-3 Sentry AWACS until Fiscal Year 2019, so they can support air operations over Iraq and Syria. And we chose to delay retirement of any E-8 JSTARS through Fiscal Year 2020, pending final approval of the Air Force's acquisition strategy for its replacement.

The Air Force budget also supports a timeline that would phase out and retire the A-10 in Fiscal Year 2019. With the gradual retirement of the A-10 that we're proposing, the Air Force will better support legacy fleet readiness and the planned schedule for standing up the F-35A by filling in some of the overall fighter maintenance personnel shortfalls with trained and qualified personnel from the retiring A-10 squadrons.

As you know, F-35 maintainer demand has already required the Air Force to use the authority Congress provided last year to move some A-10s into back-up aircraft inventory status. I should note that the Air Force is doing so only to the extent that it absolutely must, and so far intends to move far fewer A-10s into this status than what Congress has authorized. I know this is an important issue, and DoD looks forward to working with you on it.

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Defense-Wide:

The remaining share of our base budget – about \$94 billion – is allocated across the Department of Defense. This includes funding for cyber, U.S. Special Operations Command, the Defense Advanced Research Projects Agency, the Defense Health Agency, the Joint Staff, the Office of the Secretary of Defense, and missile defense.

For Fiscal Year 2016, a \$9.6 billion total investment in missile defense helps protect the U.S. homeland, deployed forces, and our allies and partners. This includes \$8.1 billion for the Missile Defense Agency, \$1.6 billion of which will help ensure the reliability of U.S. ground-based interceptors, which are currently sited at Fort Greely, Alaska and Vandenberg Air Force Base, California. The budget also continues to support the President's timeline for implementing the European Phased Adaptive Approach.

Overseas Contingency Operations:

Separate from DoD's base budget, we are also requesting \$50.9 billion in Overseas Contingency Operations (OCO) funding for Fiscal Year 2016. This represents a 21 percent decrease from last year's \$64.2 billion in OCO funding, continuing OCO's decline since 2010, while also reflecting continued operational demands on U.S. forces around the world. OCO comprises funding for:

- Afghanistan and Other Operations: We are requesting \$42.5 billion to support Operation Freedom's Sentinel and other missions. This includes \$7.8 billion for reset and retrograde of U.S. equipment from Afghanistan, as well as \$3.8 billion for training and equipping the Afghan National Security Forces through our ongoing train-advise-and-assist mission.
- Counter-ISIL Operations: We are requesting \$5.3 billion to support Operation Inherent Resolve. This includes \$1.3 billion for training and equipping Iraqi forces, including Kurdish forces, and the vetted moderate Syrian opposition.
- Counterterrorism Partnerships Fund: Reflecting the vital role that our allies and partners play in countering terrorism that could threaten U.S. citizens, we are requesting \$2.1 billion for the Counterterrorism Partnerships Fund that President Obama established last year.
- NATO Reassurance: We are requesting \$789 million for the European Reassurance Initiative, which the President created last year to help reassure our NATO allies and reinforce our Article V commitment in light of Russia's violations of Ukrainian sovereignty.

The conclusion of major combat operations in Afghanistan and Iraq has resulted in a 73 percent drop in DoD's OCO costs from their \$187-billion peak in Fiscal Year 2008.

We are continuing to use OCO as appropriate to finance our military's response to unforeseen crises, but we must also account for those enduring priorities that we do not envision going away – such as supporting our Afghan partners, countering terrorism, maintaining a strong forward presence in the Middle East, and ensuring our military is ready to respond to a wide range of potential crises.

The Administration intends to transition OCO's enduring costs to the base budget between Fiscal Years 2017 and 2020. We will do this over time, and in a way that protects our defense strategy – including DoD's abilities to deter aggression, maintain crisis-ready forces, and

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project power across the globe. This transition, however, will not be possible unless the threat of sequestration has been removed.

Having financed the costs of key military activities – such as counterterrorism operations and our Middle East posture – outside the base budget for 14 years, and knowing that the security situation in the Middle East remains volatile, it will take time to determine which OCO costs are most likely to be enduring, and which are not. But we will release a plan later this year, which will also address how we will budget for uncertainty surrounding unforeseen future crises, and implications for DoD's budget.

IV. COMPENSATION

The choices we face about military compensation are vexing, critically important, and closely followed, so I want to be direct and upfront with you.

When our troops go into battle – risking their lives – we owe to them, and their families, not only adequate pay and compensation, but also the right investments – in the right people, the right training, and the right weapons and equipment – so that they can accomplish their missions and come home safely.

To meet all of these obligations at once, we have to balance how we allocate our dollars. It would be irresponsible to prioritize compensation, force size, equipment, or training in isolation, only to put our servicemembers' lives at unacceptable risk in battle.

For the President's Fiscal Year 2016 budget, the Defense Department considered its compensation proposals very carefully, as well as those approved by Congress in the 2015 National Defense Authorization Act. Accordingly, this budget again proposes modest adjustments to shift funds from compensation into readiness, capability, and force structure, so that our people can continue executing their missions with continued excellence.

As you know, the Congressionally-commissioned Military Compensation and Retirement Modernization Commission has recently released its own compensation proposals. Their work, which DoD is continuing to analyze, shows thoughtfulness and good intent, which we deeply appreciate.

Given that this hearing is being held before the department has submitted its recommendations on the commission's report to President Obama, it would not be appropriate for me to discuss them at this time. Many of these proposals would significantly affect our servicemembers and their families, and DoD owes them, the President, and the country our utmost diligence and most rigorous analysis.

However, I can say that the department agrees with the overarching goals of the commission, especially providing servicemembers and beneficiaries more options – whether in preparing for retirement or in making health care choices.

I can also say that the commission's proposals are complicated, and do not lend themselves to binary answers. Therefore, when we provide the President with our recommendations on each proposal, DoD will clarify not simply whether we support each proposal, but also where we recommend specific modifications to improve or enable us to fully support a given proposal.

We believe there is something positive in almost every one of the commission's recommendations, and that they present a great opportunity to ensure we honor our servicemembers past, present, and future. I look forward to Congress's support and partnership as we work hard to take advantage of it.

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V. IMPACT OF SEQUESTRATION

At the end of 2013, policymakers came together on a bipartisan basis to partially reverse sequestration and pay for higher discretionary funding levels with long-term reforms. We've seen how that bipartisan agreement has allowed us to invest in areas ranging from research and manufacturing to strengthening our military. We've also seen the positive impact on our economy, with a more responsible and orderly budget process helping contribute to the fastest job growth since the late 1990s.

The President's budget builds on this progress by reversing sequestration, paid for with a balanced mix of commonsense spending cuts and tax loophole closures, while also proposing additional deficit reduction that would put debt on a downward path as a share of the economy. The President has also made clear that he will not accept a budget that locks in sequestration going forward.

As the Joint Chiefs and others have outlined, and as I will detail in this testimony, sequestration would damage our national security, ultimately resulting in a military that is too small and insufficiently equipped to fully implement our defense strategy. This would reflect poorly on America's global leadership, which has been the one critical but defining constant in a turbulent and dangerous world. In fact, even the threat of sequestration has had real effects.

You don't need me to tell you that the President has said he will not accept a budget that severs the vital link between our national and economic security. Why? Because the strength of our nation depends on the strength of our economy, and a strong military depends on a strong educational system, thriving private-sector businesses, and innovative research. And because that principle – matching defense increases with non-defense increases dollar-for-dollar – was a basic condition of the bipartisan agreement we got in 2013. The President sees no reason why we shouldn't uphold those same principles in any agreement now.

The only way we're going to get out of the wilderness of sequestration is if we work together. I therefore appeal to members of Congress, from both parties, to start looking for ways to find a truly bipartisan compromise. I hope they can make clear to their colleagues that sequestration would also damage America's long-term strength, preventing our country from making pro-growth investments in areas ranging from basic research to early childhood education – investments that, in the past, have helped make our military the finest fighting force the world has ever known.

Sequestration is set to return in just under 200 days. Letting that happen would be unwise and unsafe for our national defense, over both the short and long term.

Short-Term Impact

DoD has had to live with uncertain budgets for the last three years, continuous and sudden downward revisions of our budget plans, and even a government closure. To continue meeting all of our mission requirements, we've done our best to manage through these circumstances, underfunding significant parts of our force and its support systems. Put bluntly, we have survived, but not thrived. Our military has made painful choices and tradeoffs among the size, capabilities, and readiness of our joint force, and we've amassed a number of bills that are now coming due.

That's why the department has been counting on and planning for a budget increase of

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roughly \$35 billion above sequestration-level caps in Fiscal Year 2016. If it looks like DoD will be operating at sequestration levels in 2016, on October 1 we will have to swiftly begin making cuts so that we don't end up \$35 billion short as we approach year's end.

A return to sequestration in Fiscal Year 2016 would affect all aspects of the department, but not all equally.

More than one-third of the Fiscal Year 2016 cuts would come have to come from Operations and Maintenance accounts, with unavoidable reductions in readiness and our ability to shape world events in America's interest. Let me put this more plainly: allowing sequestration to return would deprive our troops of what they need to accomplish their missions.

Approximately half of the cuts would have to come from the department's modernization accounts, undermining our efforts to secure technological superiority for U.S. forces in future conflicts. Because there are bills that DoD absolutely must pay – such as the salaries of our troops – many capabilities being developed to counter known threats from highly capable adversaries would be delayed or cancelled, deepening our nation's vulnerabilities at a time when the world is growing more dangerous, not less. Sequestration would put a hold on critical programs like our Aerospace Innovation Initiative, the Next Generation Adaptive Engine, the Ground-Based Interceptor missile defense kill vehicle redesign, and several space control efforts.

Deferring these investments is bad policy and makes the Defense Department less competitive for the future. What's more, it breaks faith with the troops of today and the troops of tomorrow. And it undermines the defense industrial base that is a critical foundation for our national security.

Long-Term Impact

If sequestration were to persist over time, the long-term consequences would be harder hitting. We would ultimately have a military that looks fundamentally different, and that performs much differently, from what our nation is accustomed to.

If we are forced to sequestration-level budgets, I do not believe that we can continue to make incremental cuts and maintain the same general set of objectives as we've had in our defense strategy. I will insist that new cuts be accompanied by a frank reassessment of our strategic approach to addressing the threats we face around the world – what we are asking the Armed Forces to do and to be prepared to do.

I cannot tell you right now exactly what that means – DoD is not resigned to the return of sequestration – but I can tell you that I will direct the department to look at all aspects of the defense budget to determine how best to absorb these cuts. No portion of our budget can remain inviolate.

What I will not do is let DoD continue mortgaging our future readiness and capability. I will not send our troops into a fight with outdated equipment, inadequate readiness, and ineffective doctrine.

Everything else is on the table.

What does that mean? We could be forced to consider pay cuts, not just cuts in the growth of compensation. We could be forced to consider all means of shedding excess infrastructure, not just working within the Congressional BRAC process. We could be forced to look at significant force structure cuts, not just trimming around the edges. We could be forced to ask our military to do – and be prepared to do – significantly less than what we have traditionally expected, and required of it.

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I am not afraid to ask these difficult questions, but if we are stuck with sequestration's budget cuts over the long term, our entire nation will have to live with the answers.

A prolonged period of depressed defense budgets will almost certainly mean a smaller, less capable, and less ready military. No one can fully predict the impact on the future. But it could translate into future conflicts that last longer, and are more costly in both lives and dollars.

That may sound severe to some, but it is a fact, and history should be our guide when we think about the true cost of sequestration.

The Case for Repealing Sequestration

I know I'm preaching to the choir here. If sequestration could have been reversed by just this committee and its counterpart in the Senate, it probably would have happened years ago. So I offer the following to Members of the Committee about what you can remind your colleagues when you ask for their vote to repeal sequestration:

Remind them that even after the increase we're asking for, DoD's budget as a share of total federal spending will still be at a near-historic low – a quarter of what it was during the Korean War, a third of what it was during the Vietnam War, and half of what it was during the Reagan buildup.

Remind them that the increased funding is for modernization that's critical to keeping our military's technological edge and staying ahead of potential adversaries.

Remind them that DoD has hands-on leadership from the very top – me – devoted to using taxpayer dollars better than they've been used in the past. You have my personal commitment to greater accountability, greater efficiency, and running this department better and leaner than before.

Remind them that sequestration's cuts to long-term investments will likely make those investments more costly down the line. All who bemoan unnecessary Pentagon program delays and the associated cost overruns should know that sequestration will only make these problems worse. I can easily sympathize with my non-defense counterparts in this regard; knowing how wasteful and inefficient sequestration would be at DoD, I have no doubt the same is true at other departments and agencies as well.

Remind them that sequestration's impact on our domestic budget will cause further long-term damage to our defense – because the strength of our nation depends on the strength of our economy, and a strong military needs strong schools to provide the best people, strong businesses to provide the best weapons and equipment, and strong science and research sectors to provide the best new innovations and technologies.

Remind them that we can't keep kicking this can down the road. The more we prolong tough decisions, the more difficult and more costly they will be later on.

VI. CONCLUSION

The men and women of the Department of Defense are counting on Congress to help assure the strength of our military and American global leadership at a time of great change in the world.

We must reverse the decline in defense budgets to execute our strategy and fund a modern, ready, leaner force in a balanced way. We must seize the opportunity to enact necessary reforms in how we do business. And we must bring an end to the threat sequestration poses to

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the future of our force and American credibility around the world.

As you evaluate the President's budget submission, I encourage you and your colleagues to keep it in perspective.

In the years since the President's Fiscal Year 2012 budget request – the benchmark for cuts prescribed under the 2011 Budget Control Act – DoD's 10-year budget projections have absorbed more than \$750 billion in cuts, or more than three-quarters of the trillion-dollar cuts that would be required should sequestration be allowed to run its course. And while some claim this is our biggest budget ever, the fact is, as a share of total federal spending, DoD's Fiscal Year 2016 budget is at a near-historic low – representing about 14 percent of total federal discretionary and non-discretionary outlays. DoD's total budget remains more than \$100 billion below what it was at the height of the wars in Iraq and Afghanistan.

I think we can all agree that the world in 2014 was even more complicated than we could have foreseen. Given today's security environment – which has over 200,000 American servicemembers stationed in over 130 countries conducting nearly 60 named operations – our proposed increase in defense spending over last year's budget is a responsible, prudent approach.

Some of you may recall how, in 1991, after America's Cold War victory and amid doubts about America's engagement with the world and calls for a bigger domestic peace dividend, a bipartisan group in Congress stepped forward to help shape America's global leadership and make long-term decisions from which we continue to benefit.

Senators Sam Nunn and Dick Lugar helped craft, pass, and pay for the small Cooperative Threat Reduction Program that allowed the United States and DoD to provide the funding and expertise to help former Soviet states decommission their nuclear, biological, and chemical weapon stockpiles.

The Nunn-Lugar program was initially opposed abroad, and there were also doubts at the Pentagon about whether we could implement it without losing track of funding. I know. I helped lead the program in its early years. But with slow and diligent effort by American defense officials, the Congress, and our foreign partners, it worked.

It helped prevent weapons of mass destruction from falling into the wrong hands. It helped establish a pattern of international cooperation and global norms in the post-Cold War international order. And, in the light of the current instability in Ukraine, it might have staved off several variants of nuclear disaster.

But it also set an important precedent for our work on this budget and in the years ahead. It shows what Congressional conviction – especially when it is bipartisan – can accomplish in foreign policy. It shows the value of foresight and planning for an uncertain future. And it shows how spending a relatively few dollars today can generate huge value down the line.

As the new Secretary of Defense, I hope it will be possible to again unite behind what our great nation should do to protect our people and make a better world, and provide our magnificent men and women of the Department of Defense – who make up the greatest fighting force the world has ever known – what they deserve.

Thank you.

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Ashton B. Carter
Secretary of Defense

Secretary Carter has spent more than three decades leveraging his knowledge of science and technology, global strategy and policy as well as his deep dedication to the men and women of the Department of Defense to make our nation and the world a safer place. He has done so in direct and indirect service of eleven secretaries of defense in both Democratic and Republican Administrations. Whether in government, academia, or the private sector, Secretary Carter has been guided by pragmatism and his belief in the boundless opportunities of the United States and has worked tirelessly to contribute to the ideas, policies, and innovations that assure our global leadership.

Secretary Carter was Deputy Secretary of Defense from 2011 to 2013, serving as DoD's chief operating officer, overseeing the department's annual budget and its over three million civilian and military personnel, steering strategy and budget through the turmoil of sequester and ensuring the future of the force and institutional best practices. From 2009 to 2011, he was Under Secretary of Defense for Acquisition, Technology and Logistics (ATL) with responsibility for DoD's procurement reform and innovation agenda and successful completion of key procurements like the KC-46 tanker. In this capacity, Secretary Carter also led the development and production of thousands of mine-resistant ambush protected (MRAP) vehicles and other rapid acquisitions that saved countless service members' lives. Determined to get the most for both the warfighters and the taxpayer, Secretary Carter instituted "Better Buying Power" for the first time guiding the department acquisition workforce to smarter and leaner purchasing. And from 1993-1996, he served as Assistant Secretary of Defense for International Security Policy, where he was responsible for – among other issues – strategic affairs, nuclear weapons policy, and the Nunn-Lugar program that removed nuclear weapons from Ukraine, Kazakhstan, and Belarus. Secretary Carter also served on the Defense Policy Board, the Defense Science Board, and the Secretary of State's International Security Advisory Board.

Outside of his government service, Secretary Carter was most recently a distinguished visiting fellow at Stanford University's Hoover Institution and a lecturer at Stanford's Freeman Spogli Institute for International Studies. He also was a Senior Executive at the Markle Foundation, helping its Economic Future Initiative advance technology strategies to enable Americans to flourish in a networked global economy. Previously Secretary Carter served as a Senior Partner of Global Technology Partners focused on advising major investment firms in technology, and an advisor on global affairs to Goldman Sachs. At Harvard's Kennedy School, he was Professor of Science and International Affairs and Chair of the International & Global Affairs faculty. He served on the boards of the MITRE Corporation, Mitretek Systems, and Lincoln Laboratories at the Massachusetts Institute of Technology (M.I.T.) and as a member of the Draper Laboratory Corporation. He was elected a Fellow of the American Academy of Arts and Sciences and is a member of the Council on Foreign Relations and the Aspen Strategy Group. Secretary Carter earned his bachelor's degrees in physics and in medieval history, *summa cum laude*, at Yale University, where he was also awarded Phi Beta Kappa; and he received his doctorate in theoretical physics from Oxford University, where he was a Rhodes Scholar. He was a physics instructor at Oxford, a postdoctoral fellow at Rockefeller University and M.I.T., and an experimental research associate at Brookhaven and Fermilab National Laboratories.

For his government service, Secretary Carter has been awarded the Department of Defense Distinguished Service Medal, DoD's highest, on five separate occasions. He received the Defense Intelligence Medal for his contributions to intelligence and the Joint Distinguished Service Medal from the Chairman and Joint Chiefs of Staff. Secretary Carter is author or co-author of 11 books and more than 100 articles on physics, technology, national security, and management. A native of Philadelphia, he is married to Stephanie Carter and has two grown children.

HOUSE ARMED SERVICES COMMITTEE

POSTURE STATEMENT OF
GENERAL MARTIN E. DEMPSEY, USA
18TH CHAIRMAN OF THE JOINT CHIEFS OF STAFF
BEFORE THE 114TH CONGRESS
HOUSE ARMED SERVICES COMMITTEE
FY16 DEPARTMENT OF DEFENSE BUDGET
MARCH 18, 2015

HOUSE ARMED SERVICES COMMITTEE

Chairman Thornberry, Ranking Member Smith, members of this Committee, it is my privilege to report to you on the state of America's Armed Forces, the changes in the global security environment, and the opportunities and challenges ahead.

I am exceptionally honored to represent the men and women of our Armed Forces. Those who defend this Nation and the families who support them remain our most valuable national treasure and our competitive advantage. Deeply experienced from fourteen years of continuous deployments in harm's way, our All-Volunteer Force has been adaptable and resilient beyond expectation. Our men and women in uniform have performed around the globe with extraordinary courage, character, and professionalism. I am grateful for the continued support they receive from this distinguished body and from the American people.

What makes America's Armed Forces who we are is our *ability to provide options* to the national command authority and our elected leaders to keep our Nation safe from coercion. The American people and our Allies expect that of us.

Our military remains strong today. However, with threats proliferating, resources declining, and sequestration just months away, our ability to assure our allies is in question and our advantages over our adversaries are shrinking. *This is a major strategic challenge affecting not only our military, but ultimately, America's leadership in the global world order.*

With your support, we can – and we must – sustain our military's decisive edge by prioritizing investments in readiness, training, modernization, and leader development. We must make the tough, but necessary choices in our strategy, our structure, and our resources for our Nation's future. Our men and women in uniform and the American people are trusting us to get it right.

Joint Force Operations

It has been an extraordinarily busy time for America's military. During the past twelve months, the men and women of our Joint Force have been on point around the world. They have maintained our enduring global commitments, bolstered long-term partnerships, and responded to new threats.

Over the past year, the Joint Force continued to support the Afghan National Security Forces through the first democratic transfer of power in Afghanistan's history. My regular visits to Afghanistan reinforce just how much our coalition and Afghan partners have accomplished together over thirteen years of significant investment. The end of 2014 marked the completion of the International Security Assistance Force (ISAF) mission. While Afghanistan is headed in the right direction towards a fully-functioning inclusive government, the path is neither a straight line, nor is it short. Moving forward with NATO's Resolute Support mission, our remaining force of about 10,000 troops will assist our Afghan partners in strengthening the Afghan institutions, systems, and processes that will support long-term security and stability—ultimately giving the Afghan people the opportunity to succeed on their own.

At the same time, the force has maintained pressure on Al Qaeda, the Islamic State of Iraq and the Levant (ISIL), and other violent extremist groups both directly and through our partners where US and allied interests are threatened. We have reinforced our commitment to our NATO allies in Europe in the face of Russian aggression. We have helped to address urgent humanitarian crises such as the Yazidi refugees trapped on Mount Sinjar and the Ebola outbreak in West Africa. We have maintained an active presence in the South and East China Seas, while remaining prepared to respond to provocations on the Korean Peninsula. And we have campaigned against sources of instability in Africa and in Latin America.

We have also postured with our interagency partners to reinforce security to our homeland—to include providing ballistic missile defense, countering persistent threats of terrorism, and improving our defenses against cyber-attack on government networks and critical infrastructure.

In the near term, we will sustain – in some cases adjust – these commitments around the globe to protect our national security interests. And, while our global mission requirements have decidedly gone up, we will manage all of these demands with constrained resources. Consequently, we will have to assume higher risk in some areas to create opportunity in others.

The Changing Security Environment

Our understanding of the security environment carries important consequences for our Nation and for our military. It drives our strategy and budget, shapes the size, structure, and capability of the force, and affects where and when we send America's sons and daughters into harm's way.

Last year, I stated that the global security environment is as fluid and complex as we have ever seen. That has certainly played out over the past twelve months. We have seen significant shifts in an already complex strategic landscape—increasingly capable non-state actors who are taking advantage of the internal conflict within Islam *and* the reemergence of states with the capability and potentially the intent to constrain. This is *increasing the strain on the international order*.

In what I often term the “heavyweight” category, Russia's coercive and destabilizing actions have threatened NATO's eastern flank. Russia is investing deeply in advancing their capabilities across the board, especially in Anti-Access Area-Denial (A2AD) and cyberspace. Meanwhile, China is also fielding new defense platforms at a startling pace. In almost everything we do globally, we must consider the second- and third-order effects on our relationships with Russia and China.

In the “middleweight” category, Iran seeks to be a hegemon in the Middle East. Beyond Iran’s nuclear aspirations, as one of the world’s leading exporter of arms, Iran employs surrogates and proxies in many places across the globe. Iran is also becoming increasingly more active in cyberspace. We have significant interests in the region that would not be well-served should Iran achieve their purposes.

North Korea is the other “middleweight.” Cyclical provocations by North Korea have increased the risk of potential miscalculation. We must use all instruments of national power to ensure North Korea does not achieve its intentions. We have a large stake in maintaining stability on the Korean Peninsula and supporting our Republic of Korea ally.

We are also seeing power in the international system shifting below and beyond the nation-state, particularly across the network of radical movements that use terrorism as a tactic. This network extends across an already unstable Middle East and North Africa, vis-à-vis the complex situations we have seen unfold over the last year in Libya, Gaza, Iraq, Syria, Nigeria, and Yemen. Within the trans-regional terror network, we have seen ISIL gain prominence in Iraq and Syria, while inspiring existing radical franchises like Al Qaeda affiliates and Boko Haram to rebrand themselves into an even more aggressive ideology. That is what makes this movement so dangerous.

With our partners, we must keep relentless pressure across the entire network with our full suite of capabilities to include intelligence, building partners, and in some cases, direct action. At the same time, we must be careful not to fixate on a single group, nor paint these violent extremist groups all with one brush. We have to apply the right mix of tools of national power at the right time, over the right length of time, in order to make a difference. Even more challenging is keeping pressure on a network that adapts and metastasizes. Overmatch in size and technology matters,

but *the rate in which we can innovate and adapt relative to these non-state actors matters more*. This is a generational challenge.

Running north and south in our own hemisphere, the well-financed transnational organized criminal network is growing extraordinarily capable. Beyond a drug trafficking network, it is capable of moving anything from arms and unaccompanied children to terrorists and weapons of mass destruction. This network deserves more attention not just because of its effect on the social fabric of our country, but because of the effect it could have – and is having – on the security of our Nation.

In cyberspace, our adversaries have become increasingly more capable, attempting to level the playing field in this critical domain. While we have expanded authorities and capabilities to defend our military networks, critical civilian infrastructure and private sector companies are an Achilles' heel in our Nation's security. Together, we must reconcile these issues. To this end, cybersecurity legislation that facilitates information sharing and encourages public-private partnerships is required to ensure our continued security and prosperity. Staying ahead of our adversaries in the cyber domain will require a concerted effort of the whole nation.

Across the board, *as the international order trends towards instability, strategic risk trends higher*. And, while our potential adversaries grow substantially stronger, most of our allies are growing more dependent on sustained US assistance. I believe these trends will continue.

We must bring to bear every tool of national power in America's arsenal in coordination to address these emerging trends. Likewise, deepening relationships of trust with our allies and building the capacity of our partners to be more *self-sustaining* will be even more vital in the years ahead.

Preparing the Joint Force

Within the context of the rapidly evolving security landscape, the Joint Force of the future will require exceptional agility in how we shape, prepare, and posture. Here are my five guideposts to sustain and improve the force:

The All-Volunteer Force (AVF)

Our competitive advantage is our people and their adaptability. I firmly believe that our Nation needs a professional All-Volunteer Force (AVF). The AVF is the right force for this Nation and the Nation should never take it for granted. Conversely, the force has earned the trust and confidence of the American people and must renew that contract daily.

As part of strengthening the AVF, the Joint Chiefs and I are committed to offer everyone in uniform equal professional opportunities to contribute their talent. We are removing the legacy gender-based barriers to service that no longer make sense. The Services are progressing through validation of occupational standards and are on target to recommend final decisions to integrate remaining closed positions or any exceptions to policy by the end of the year.

To keep the AVF on a viable path, getting our personnel costs in balance is a strategic imperative. Ultimately, we need to make sure that we can continue to recruit, retain, equip, and train the best fighting force on the planet and fairly compensate America's best for their service.

We owe our men and women some clarity – and importantly, predictability – on everything from policy to compensation, health care, equipment, training, and readiness. Frankly, right now we are not delivering. Settling down uncertainty in our decision making processes will help keep the right people in the Service. To this end, I want to continue working with

Congress to address the growing imbalances in our accounts in a sensible, holistic way that preserves the All-Volunteer Force well into the future.

As such, we are looking closely at the recommendations of the Military Compensation and Retirement Modernization Commission. We are pleased that the commission supported our request to grandfather any changes to retirement pay for those currently serving and retirees. And we will continue to place a premium on efforts that support wounded warriors and mental health.

We will also keep working with the Department of Veterans Affairs, other agencies, veteran service organizations, and communities across the country to make sure those who are transitioning home and reintegrating into civilian life have access to health care, quality education opportunities, and meaningful employment. This especially includes those with enduring mental and physical challenges. I appreciate Congress for recently passing legislation to improve the access of veterans to mental health and suicide prevention services.

This remarkable generation is not done serving. As such, the Joint Chiefs and I recently signed a *Call to Continued Service letter* that will go to all transitioning service members, encouraging them to keep serving the Nation in their communities. Our collective effort to enable our veterans and their families to continue contributing their strengths is a direct investment in the future of America.

Preserving Jointness

Our military has become more integrated operationally and organizationally across the Services and across the Active, Guard, and Reserve components, especially over the past decade. However, the institution tends to work like a rubber band—if you stretch it and then release it, it will return to its normal form and shape. This is especially true in a resource-constrained environment. This tension comes at a time when

our ability to win together through jointness is at its peak. The Joint Chiefs and I are committed to preserving the strength we have gained as a more seamless force. We are likewise committed to preserving the vital relationships with our interagency partners.

Additionally, across the Services, we are resetting how we train and develop our forces for conflict across the spectrum. For the past decade, the Joint Force primarily focused on counterinsurgency centered in the Middle East. As we work to institutionalize the lessons of our recent wars – for example, by establishing building partnership capacity as a competency of the entire force, not just Special Forces – we are also working to restore balance and strategic depth in our capabilities. This includes those critical conventional areas that were deemphasized over the past decade by necessity.

Concurrently, we are adapting how we engage and posture around the world in ways that are more dynamic, more strategic, and more sustainable. We are reevaluating how we employ our assets around the globe to better identify opportunities that generate the greatest advantages. And, we are developing new approaches across and within commands in how we assign, allocate, and apportion forces inside a broader interagency construct.

We are also adapting our learning institutions to maximize the diverse talent of our men and women and to better cultivate agile thinkers for a global Joint Force. Within our Joint Professional Military Education (JPME) programs, we are mapping desired strategic leader attributes to the curriculum to ensure we are delivering them.

And, we are undergoing an integrated, Department-wide effort to identify and invest in innovative ways to reverse the erosion of US technological superiority—ensuring that our military remains dominant now and in the future. We are seeking innovation not only in technology, but also in leader development, wargaming, operational concepts, and business processes.

The Defense Industrial Base

Our Nation cannot sustain the world's finest military without also *sustaining the world's strongest and most innovative defense industrial base* (DIB).

An enduring source of strategic advantage, we count on the defense industry to be able to research, develop, produce, deliver, and maintain the world-class weapons systems on which our military has long relied.

I remain concerned that an unstable budget environment will promise long-term damage to critical segments of the DIB, most significantly in the small businesses that support our Nation's defense. Furthermore, sequester-level cuts will lead to a hollow DIB that no longer holds all of the critical design and manufacturing capabilities our military needs.

A strong, efficient, and technologically vibrant defense industry is fundamental to securing our Nation's defense.

Our Allies

Our alliances remain paramount to our own security. We are far more effective when we have a global network of capable partners with shared values. Our Allies and partners provide vital basing and access, offer complementary military capabilities, and help shape outcomes towards a common purpose. Improving partner capability and capacity in targeted ways is an important component of our military strategy.

We are continuing the rebalance to the Asia Pacific as part of our government's larger priority effort to foster stability and growth in that region. We have old and new partners in the Asia Pacific and we will continue to develop our relationships, engage more at every level, and shift assets to the region, over time.

Europe remains a central pillar to our national security and prosperity. NATO has the capability and must sustain the will to address the threats to its eastern and southern flanks. In the near term, we will continue to reassure allies and improve NATO's readiness. Over the long term, we will adapt our strategies and structures to meet new realities. NATO is and will remain the most important and most capable alliance in history.

In every theater, we must *guard against a slow erosion of our alliances* and be careful not to shunt the steady work required to sustain these ties. Remaining the security partner of choice increases our Nation's collective ability to safeguard common interests and support greater stability in weaker areas of the world.

The Profession

Rekindling our understanding and our resolve as a profession continues to be one of my foremost priorities as Chairman. On and off the battlefield, we must always be good stewards of the special trust and confidence gifted to us by our fellow citizens. We owe it to the American people and to ourselves to look introspectively at whether we are holding true to the bedrock values and standards of our profession.

The vast majority of our force serves honorably with moral courage and distinction every day. But failures of leadership and ethics, and lapses of judgment by a fraction of the force show that we still have work to do.

We are seeing substantial progress in sexual assault prevention and response, however, we will remain laser-focused on reinforcing a climate where sexual assault is unacceptable, not just because it is a crime, but because it is completely counter to our core values.

All of these issues have my ongoing and full attention. We know *we own the profession* and must reinforce the enduring norms and values that define us to continue to be a source of trust and pride for our Nation.

Resourcing our Defense Strategy

I stated last year that the balance between our security demands and available resources has rarely been more delicate. The National Security Strategy (NSS) released last month addresses some of our top concerns—the decline in military readiness, the strategic risk that will result should sequester-level cuts return, and the need to pursue greater integration with our Allies and partners. *We need the full proposed President's Budget (PB) for Fiscal Year 2016 to support this strategy and to maintain the military the American people deserve and expect.*

PB16 reverses the decline in national defense spending of the past five years and helps ensure we can manage risk, meeting near-term defense needs while preparing for the future. It represents a responsible combination of capability, capacity, and readiness investment—leading to a Joint Force that is global, networked, and can provide options for the Nation. As the risks to our national security are increasing, this budget resources the force to remain capable, ready, and appropriately sized—able to meet today's global commitments and prepare for tomorrow's challenges.

The Joint Chiefs and I fully support the PB16 budget. It is what we need to remain at the *lower ragged edge of manageable risk* in our ability to execute the defense strategy.

However, *we have no slack, no margin left for error or strategic surprise.* And, we remain concerned that we still lack support for the reforms necessary to ensure that the Joint Force is combat ready and that we can preserve military options for our Nation into the future. We need

budget certainty and we need flexibility to reset the force for the challenges we see ahead.

Congress – and the American people – challenged us to become more efficient and to determine the *minimum floor* we need to be able to do what the Nation asks us to do. PB16 is that answer. Funding lower than PB16, especially if sequestration-level cuts return next year, combined with a lack of flexibility to make the reforms we need, *will render the overall risk to our defense strategy unmanageable*. In other words, our Nation’s current defense strategy will no longer be viable.

I ask Congress to support the entirety of this budget and end the deep, indiscriminate cuts that sequestration will impose.

Thank you for your enduring support.

General Martin E. Dempsey, USA
Chairman, Joint Chiefs of Staff

General Martin E. Dempsey becomes the Chairman of the Joint Chiefs of Staff after serving most recently as the Army's 37th Chief of Staff from 11 April 2011 through 7 September 2011.

Past assignments have taken him and his family across the globe during both peace and war from Platoon Leader to Combatant Commander. He is a 1974 graduate of the United States Military Academy and a career armor officer.

As a company grade officer, he served with the 2nd Cavalry in United States Army Europe and with the 10th Cavalry at Fort Carson. Following troop command he earned his Masters of Arts in English from Duke University and was assigned to the English Department at West Point. In 1991, GEN Dempsey deployed with the Third Armored Division in support of OPERATION DESERT STORM. Following DESERT STORM, he commanded 4th Battalion 67th Armor (Bandits) in Germany for two years and then departed to become Armor Branch Chief in US Army Personnel Command. From 1996-1998 he served as the 67th Colonel of the Third Armored Cavalry Regiment. Following this assignment as the Army's "senior scout" he served on the Joint Staff as an Assistant Deputy Director in J-5 and as Special Assistant to the Chairman of the Joint Chiefs of Staff. From September 2001 to June 2003, General Dempsey served in the Kingdom of Saudi Arabia training and advising the Saudi Arabian National Guard. In June of 2003, General Dempsey took command of the 1st Armored Division in Baghdad, Iraq. After 14 months in Iraq, General Dempsey redeployed the division to Germany and completed his command tour in July of 2005. He then returned to Iraq for two years in August of 2005 to train and equip the Iraqi Security Forces as Commanding General of MNSTC-I. From August 2007 through October 2008, GEN Dempsey served as the Deputy Commander and then Acting Commander of U.S. Central Command. Before becoming Chief of Staff of the Army, he commanded US Army Training and Doctrine Command from December 2008-March 2011.

General Dempsey's awards and decorations include the Defense Distinguished Service Medal with Oak Leaf Cluster, the Distinguished Service Medal with three Oak Leaf Clusters, the Defense Superior Service Medal, the Legion of Merit with two Oak Leaf Clusters, the Bronze Star with "V" Device and Oak Leaf Cluster, the Combat Action Badge, and the Parachutist Badge. In addition to his Masters' Degree in English, he holds Masters' Degrees in Military Art and in National Security Studies.

General Dempsey and his high school sweetheart Deanie have three children: Chris, Megan, and Caitlin. Each has served in the United States Army. Chris remains on active duty. They have five wonderful grandchildren: Kayla and Mackenna by Chris and daughter-in-law Julie, Luke by Caitlin and son-in-law Shane, and Alexander and Hunter by Megan and son-in-law Kory. Chris and Julie are expecting their third child this fall.

**WITNESS RESPONSES TO QUESTIONS ASKED DURING
THE HEARING**

MARCH 18, 2015

RESPONSE TO QUESTION SUBMITTED BY MR. THORNBERRY

Secretary CARTER. There is very little in terms of the legal framework applicable to the designation of funds for "Overseas Contingency Operations."

Section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), codified at 2 U.S.C. § 901(b)(2), provides for an adjustment to the discretionary spending limits specified elsewhere in the BBEDCA for the security category. The adjustment corresponds to the sum of appropriations for discretionary accounts that "the Congress designates for Overseas Contingency Operations/Global War on Terrorism in statute on an account by account basis and the President subsequently so designates".

Section 251(b)(2)(A)(i) of the BBEDCA provides for the same type of adjustment for appropriations for discretionary accounts that "the Congress designates as emergency requirements in statute on an account by account basis and the President subsequently so designates".

There is no BBEDCA statutory definition of "Overseas Contingency Operations/Global War on Terrorism" (OCO/GWOT). In contrast, the BBEDCA does define the term "emergency." Section 250(c)(20) of the BBEDCA, codified at 2 U.S.C. § 900(c), defines the term "emergency" as: "a situation that- (A) requires new budget authority and outlays (or new budget authority and the outlays flowing therefrom) for the prevention or mitigation of, or response to, loss of life or property, or a threat to national security; and (B) is unanticipated." Further, subsection (c)(21) defines the term "unanticipated" to mean that "the underlying situation is—(A) sudden, which means quickly coming into being or not building up over time; (B) urgent, which means a pressing and compelling need requiring immediate action; (C) unforeseen, which means not predicted or anticipated as an emerging need; and (D) temporary, which means not of a permanent duration."

Although there is no definition of OCO/GWOT, OMB has promulgated guidance regarding what costs can be budgeted for in the OCO request. While most of the funds designated for OCO/GWOT have been requested and appropriated to the Department of Defense, funds designated for OCO/GWOT have also been requested and appropriated for the Department of State, the United States Agency for International Development, and Related Agencies. In addition, there is no statutory cap on amounts that can be designated for OCO/GWOT. Thus the Congress has broad discretion as to what accounts and what amounts to designate for OCO/GWOT; the sole check is that the President must also designate the funds for OCO/GWOT. If the President does not so designate, the funds are still appropriated and would be available for their intended purpose, but they would count against the statutory spending limits, which may result in or increase the magnitude of a sequestration.

Finally, while funds designated for OCO/GWOT are not counted against discretionary spending limits when determining if a breach has occurred, if a breach does occur and accounts are sequestered, funds designated for OCO/GWOT are subject to sequestration. [See page 55.]

RESPONSE TO QUESTION SUBMITTED BY DR. WENSTRUP

General DEMPSEY. The policy of the United States is not to use lethal force when it is feasible to capture a terrorist suspect, because capturing a terrorist offers the best opportunity to gather meaningful intelligence and to mitigate and disrupt terrorist plots. Capture operations are conducted only against suspects who may lawfully be captured or otherwise taken into custody by the United States and only when the operation can be conducted in accordance with all applicable laws and consistent with our obligations to other sovereign states.

Throughout its history, the United States has held detainees captured during armed conflict in various overseas theaters as well as on U.S. soil. Historically, the circumstances of each conflict have determined the appropriate detention location. In similar fashion, decisions regarding where to detain members of al-Qaida and associated forces will be made on a case-by-case basis, in consultation with the Department's interagency partners.

The Administration approaches new captures outside Afghanistan based on the facts of the situation on a case-by-case basis with a range of options, including:

- Prosecution in our military commission system or in the Federal courts;
- Transfer to another country for an appropriate disposition there; or
- Law of war detention, in appropriate cases.

When we do detain a suspect, we interrogate him/her. Both the law of war and the civilian criminal justice system allow for the questioning of unprivileged enemy belligerents.

If we are holding them under AUMF authorities, then we may continue exploitation for strategic intelligence purposes, and still maintain the options to transfer them to another government for prosecution, or hold them in U.S. Government custody for prosecution in military commissions or under Article III in the U.S. Federal courts. Generally speaking, we are not required to immediately turn them over to another government.

If the detainee can be prosecuted, we decide whether to try him in a civilian court or a military commission. A criminal conviction could be a basis for incarceration even after a cessation of hostilities.

The President has directed the Department of Defense to designate a site in the United States where we can hold military commissions.

The law of war allows the government to continue detention until the cessation of hostilities. The end of armed conflict against al-Qaida would terminate the United States' authority to detain individuals based solely on their status as enemy combatants. Detainees could be held until released under post-conflict "wind-down" authority, subject to determination that the risks they pose are mitigated; or if there is an independent basis for continued detention. When the armed conflict against al-Qaida ends, we will face difficult questions about what to do with any detainees remaining in military detention without a criminal conviction and sentence. [See page 46.]

RESPONSE TO QUESTION SUBMITTED BY MR. O'ROURKE

General DEMPSEY. Yes, we have the necessary resources to achieve our tactical and strategic goals against ISIL, but our strategy requires supporting indigenous forces in both Iraq and Syria. We are enabling our ISF partners on the ground to take the fight to ISIL, who have made advances and suffered setbacks. In Syria, we continue to work diligently to develop a capable and reliable partner on the ground in order to confront ISIL. We have the resources to achieve our strategic and tactical goals, but this effort takes time, and we are only 8 months into a long campaign to degrade ISIL. Air Strikes are a key component of our kinetic support to these ground forces, but as the SecDef stated in his testimony, only local forces on the ground can impose a lasting defeat. [See page 23.]

RESPONSE TO QUESTION SUBMITTED BY MR. TAKAI

General DEMPSEY. As the President noted in his letter transmitting the proposed AUMF to the Congress, the proposal does not authorize long-term, large-scale ground combat operations like those our nation conducted in Iraq and Afghanistan. Such operations will be the responsibility of local forces because that is what our local partners and allies want, that is what is best for preserving our international coalition, and, most importantly, that is in the best interest of the United States.

The President has been clear, however, that there always may be exigent or unforeseen circumstances in which small numbers of U.S. forces may need to engage in limited or short duration ground combat operations, for example, to protect and defend U.S. personnel or citizens. The proposed AUMF would therefore provide the flexibility to conduct ground combat operations in other, more limited circumstances, such as rescue operations involving U.S. or coalition personnel or the use of special operations forces to take military action against ISIL leadership. The proposal would also authorize the use of U.S. forces in situations where ground combat operations are not expected or intended, such as intelligence collection and sharing, missions to enable kinetic strikes, or the provision of operational planning and other forms of advice and assistance to partner forces.

As the ground combat limitation is focused on major operations—long-term, large-scale—the proposal would provide the authority and the flexibility required to perform the mission. [See page 26.]

RESPONSE TO QUESTION SUBMITTED BY MR. MOULTON

Secretary CARTER. The Fiscal Year (FY) 2016 President's Budget includes several initiatives that will retire force structure, eliminate excess infrastructure, and reform compensation and health care, and the budget reallocates those savings to higher priority programs, such as improving readiness and weapon system modernization.

The top examples of these initiatives include adopting several recommendations from the Military Compensation and Retirement Modernization Commission (MCRMC), slowing the growth of military basic pay and housing allowances, modernizing the military healthcare system, reforming commissary operations, authorizing a new Base Realignment and Closure (BRAC) round, retiring A-10 aircraft, and permitting the Army Aviation Restructure Initiative (ARI) to proceed.

MCRMC: The Department supports MCRMC's objective to improve the military compensation and retirement systems, and encourages Congress to support the recommendations for which the Department has submitted legislation to Congress.

- For instance, the Department recently submitted a Blended Retirement proposal that would blend a 20-year cliff-vested defined benefit annuity with a defined contribution plan that would allow service members to contribute to a portable Thrift Savings Plan account.
- The Department's proposed Blended Retirement System would ensure 85 percent of service members receive Government contributions toward their retirement—compared to fewer than 20 percent under the current system, provide DOD with better tools to recruit and retain the All-Volunteer Force, and produce significant savings over the long term.
- The retirement changes were considered holistically in the context of the recruiting, retention, and retirement continuum that would best enhance the readiness of the All-Volunteer Force in an increasingly competitive labor market. The Department looks forward to continuing to work with Congress and the MCRMC to meet our solemn responsibility to ensure that any changes protect the long-term viability of the All-Volunteer Force, improve quality-of-life for service members and their families, and safeguard the fiscal sustainability of the military compensation and retirement systems.

Compensation Reform: The President's Budget provides funding and common-sense reforms to ensure service members receive competitive pay and benefits as well as critical training and equipment. Within compensation reform, the following initiatives are essential:

- Slow the growth of military basic pay—High retention rates reflected within the military force allow the Department to recruit and retain the requisite force and continue to offer a competitive military pay and benefits package. It is important to emphasize that even with a lower basic pay raise, military compensation will still remain well above the 70th percentile of wages for comparable civilians by age and education, while achieving substantive savings. Given the current Budget Control Act funding caps for Defense, increasing the military pay raise in excess of the President's Budget request would force the Department to displace critical modernization and reduce readiness funding to finance the increase.
- Slow the growth of basic allowance for housing (BAH)—The Department's military and civilian leaders carefully considered this option to generate savings—savings needed to help close serious resource shortfalls in training, maintenance, and equipment. The Department found that slowing BAH growth until an average member's out-of-pocket expenses reached five percent achieved an appropriate and reasonable balance between the Department's need to achieve savings in the BAH program and the need to continue to offer a generous, competitive, and sustainable package of military pay and benefits.
- Modernize military healthcare—The proposed Consolidated Health Plan structure would make it easier for beneficiaries to focus on health (no cost shares for preventive care), maintain a close relationship with their primary care provider (zero to low copayments), and offer beneficiary freedom of choice of providers. A proven utilization management design would attract beneficiaries to Military Treatment Facilities (MTF) for care as their provider of choice, thereby maximizing utilization of investments in the MTF structure.
- Reform commissary operations—Our proposals would allow the Department to offset operating costs and develop effective commissary business practices without significantly affecting patron savings.

Conducting Additional BRAC Round: The Department is facing a serious problem created by the tension of declining budgets, reductions in force structure, and limited flexibility to adapt its infrastructure accordingly and, therefore, urges the Con-

gress to provide the BRAC authorization as requested. The Department needs to find a way to strike the right balance so that infrastructure does not drain resources from the warfighter. The Department's goal is a BRAC focused on efficiency and savings, and it is a goal that is achievable.

A-10 Aircraft: Divestiture of the A-10 is critical. It enables the Air Force to fund higher priority programs and balance current readiness with future modernization requirements. Such prohibitions limit or delay savings, efficiencies, and operational capabilities necessary to meet mission objectives in the current fiscal environment. In the case of the A-10, DOD believes the Joint Strike Fighter and other multi-mission aircraft will replace the A-10's singular mission of close air support while also providing other critical capabilities.

ARI: The DOD plans to transfer 72 Apache aircraft in FY 2016. The ARI, introduced in the FY 2015 President's Budget and planned in the FY 2016 President's Budget, will position Army aviation assets where they can best meet the combatant command requirements and strategic priorities. The Army remains steadfast in its conviction that ARI is the Total Army enterprise solution given the mounting costs of aging aircraft, growing operational requirements, and increasing fiscal pressures. In FY 2015, the Army began to divest the oldest, least capable aircraft while retaining the best, most capable airframes. When fully implemented, this initiative will use Army aviation forces more efficiently, increase the Army National Guard's domestic response capacity, and optimize the Army's capability to meet combatant commanders' requirements. [See page 32.]

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

MARCH 18, 2015

QUESTIONS SUBMITTED BY MS. BORDALLO

Ms. BORDALLO. How important was the removal of the restrictions on Government of Japan funds for the relocation of Marines from Okinawa to Guam in last year's [National Defense Authorization Act]? I felt the Guam Oversight Committee was a helpful internal tool to the Department of Defense; are you planning to reinvigorate the committee?

Secretary CARTER. The Department appreciates the support of Congress in lifting the restrictions on Government of Japan funds for the relocation of Marines from Okinawa to Guam. Removal of these restrictions will allow us to move forward on this essential component of the rebalance to the Asia-Pacific region, resulting in a more geographically dispersed, operationally resilient, and politically sustainable posture in the area.

Pursuant to Title 10, U.S. Code, subsection (e) of section 132, the Deputy Secretary of Defense chairs the Guam Oversight Committee (GOC) and serves as the Department of Defense's principal representative for coordinating the interagency efforts in matters relating to Guam. The GOC convenes on a quarterly basis and addresses issues specific to the relocation.

Ms. BORDALLO. Under Secretary of Defense for Acquisition, Technology and Logistics Frank Kendall recently testified before the committee, "What I am seeing in foreign modernizations ... is a suite of capabilities that are intended clearly ... to defeat the American way of doing power projection, American way of warfare ... And, without saying too much about this, the Chinese, in particular and, again, to a lesser extent, the Russians are ... making advances beyond what we currently have fielded." Many studies have determined that the United States utilized a cost imposition strategy that significantly contributed to the downfall of the Soviet Union. I'm concerned that rogue nations are now in the position to impose that strategy on the United States by developing ballistic missiles that cost in the small millions of dollars while we spend multiple billions on a limited missile defense system. Can you comment on how the fiscal year 2016 budget, or future budgets, will account for the development of missile defense or others systems that protect against this dynamic?

General DEMPSEY. We are very much aware of our potential adversaries' intent to use a cost imposition strategy against us, especially in the area of missile defense where it is inherently cheaper to build missiles to hit ground targets than to build missiles to hit other missiles. Our approach to this problem is to find and develop innovative capabilities that are both affordable and effective in achieving our goals in integrated air and missile defense.

Our vision includes greater contributions to our missile defense capabilities by encouraging our partners and allies to share more of the burden for regional defense, particularly to protecting their home soil. To this end, we are seeing an uptick in foreign military sales of systems like Patriot and Terminal High Altitude Area Defense (THAAD). Additionally, we are looking at future innovative ways to mitigate air and missile threats via advanced technologies like railguns, directed energy, electronic attack, and even cyber. These hold promise in the long term to reverse the cost imposition back on our adversaries. Other techniques like dispersal of our assets, hardening, and defeating missile systems before they launch via kinetic or non-kinetic means are also in our plans. Furthermore, we want to ensure the systems we already have are properly modernized, ensure that our personnel are fully trained to operate those systems, and fully integrate missile defenses within the joint force and with our foreign partners and allies.

For homeland defense, we remain committed to the cost of fielding a reliable, effective system to defeat a limited ballistic missile attack from a rogue nation. Here, deterrence based on denial is essential because of the enormous destruction if one of these countries were able to target our population centers with ICBM [intercontinental ballistic missile]-delivered weapons of mass destruction. We have also budgeted for affordable sensor and shooter solutions to deterring and defeating cruise missile attacks on the homeland. All of these concepts are in the discussion for our Fiscal Year 2016 budget and beyond, and we will continue to reassess our plans to ensure we are finding smart ways to outpace the threat within realistic budget constraints.

QUESTIONS SUBMITTED BY MR. SHUSTER

Mr. SHUSTER. We keep hearing that there is 20 percent excess capacity in Department of Defense infrastructure, but there is no guarantee that infrastructure will not be needed to fight future conflicts. I believe there are ways to seek efficiencies without a Base Realignment and Closure (BRAC), a process that produces questionable cost savings. Within my district, I have seen the flexibility that an installation, Letterkenny Army Depot, gains through the use of leased land and contract personnel to respond to ever changing demand signals. What innovative solutions are available to address excess infrastructure and are there benchmarks that can be shared across the services to avoid the BRAC process?

Secretary CARTER. The Department does not believe that innovations such as leasing arrangements or similar measures to repurpose excess space on installations would be sufficient to offset the costs of maintaining the Department's excess infrastructure. As is the case in the private sector, it is more efficient to close an entire installation rather than mothball or lease a portion of that installation. The majority of BRAC savings come from civilian and military personnel eliminations, reduced base operating support costs, and reduced facility sustainment costs. Non-BRAC approaches do not achieve these savings because they do not enable the Department to eliminate the overhead personnel and sustainment costs associated with running and guarding the base.

The Department believes the BRAC process could address concerns of needed infrastructure to fight future conflicts. The Department believes that the BRAC process provides appropriate safeguards to ensure the Department retains the capacity to respond to surge, accommodate a significant reconstitution of the force, and support all forces, including those currently based outside the United States. In fact, the selection criteria contained in the previous BRAC language (and the Department's current request), specifically criteria one and three, capture the concept of surge capacity. Criterion one requires the Department to consider "current and future" mission capabilities and criterion three assesses the "ability to accommodate contingency, mobilization and future total force requirements." Moreover, in the execution of prior BRAC rounds, and as verified in a 1999 study, the Department has demonstrated that it will retain within the U.S. installation infrastructure sufficient difficult-to-reconstitute assets to respond to surge, accommodate a significant reconstitution of the force, and support all forces, including those currently based outside the United States.

Mr. SHUSTER. President Obama's proposal for a new Authorization for the Use of Military Force "does not authorize the use of the United States Armed Forces in enduring offensive ground combat operations." General Allen, the Special Presidential Envoy on countering the Islamic State of Iraq and the Levant (ISIL), testified before the Senate Committee on Foreign Relations last month that the definition of "enduring offensive ground combat operations" could "be two weeks, it might be two years." Please specifically define "enduring ground operations."

Secretary CARTER. The proposed Authorization for the Use of Military Force would not authorize long-term, large-scale ground combat operations like those the United States conducted in Iraq and Afghanistan. It would provide the flexibility to conduct ground combat operations in more limited circumstances, such as rescue operations involving U.S. or coalition personnel or special operations to take military action against Islamic State in Iraq and the Levant leadership.

Mr. SHUSTER. Since the administration has not clearly defined "enduring ground operations," who will be responsible for determining whether an action violated the stipulation against "enduring ground operations"?

Secretary CARTER. Any requirement for U.S. ground combat operations would be assessed on a mission-by-mission basis. I do not believe there would be opportunities for the commanders on the ground to engage in "enduring ground operations" without further orders from the President.

Mr. SHUSTER. The President has placed a three-year limitation in his proposed Authorization for the Use of Military Force. Do you believe that the current strategy will defeat the Islamic State of Iraq and the Levant in that time window?

Secretary CARTER. While the campaign to degrade and ultimately defeat the Islamic State of Iraq and the Levant (ISIL) will not be over anytime soon, the proposed three-year term will provide the next president, the Congress, and the American people an opportunity to review progress and evaluate the authorities in place. Execution of the current strategy is the best way to ensure progress between now and then, while remaining flexible to the dynamic situation on the ground.

Mr. SHUSTER. The United States manufactures a number of weapons systems that our allies can utilize as a counterpoint to the military advantages of hostile nations like Russia and Iran. Countries like Poland are increasingly looking to proven weap-

ons systems, such as the Patriot Air and Missile Defense System, which are maintained and modified right here in United States at Letterkenny Army Depot in my district. In light of this, how do you believe we can best utilize our organic industrial base to assist our allies in hostile regions?

Secretary CARTER. Our industrial base, both organic and commercial, can and does provide weapons support to our allies. For example, a number of foreign military sales (FMS) customers have the PATRIOT Air and Missile Defense System in their inventory, although Poland does not have an FMS case with the United States for PATRIOT. Missile recertification for PATRIOT can be/is performed at Letterkenny Army Depot for three FMS customers with certain components recertified at Raytheon. The organic and commercial industrial base will continue to support the various weapons systems that our allies utilize.

Mr. SHUSTER. The Authorization for the Use of Military Force (AUMF) gives the President authority to “use the Armed Forces of the United States as the President determines to be necessary and appropriate against ISIL or associated persons or forces.” What impact does the use of the term “associated persons or forces” have with regards to how broadly this AUMF can be leveraged in areas of the world outside of Iraq and Syria?

Secretary CARTER. “Associated persons or forces” means individuals and organizations fighting for, on behalf of, or alongside the Islamic State of Iraq and the Levant (ISIL) or any closely-related successor entity in hostilities against the United States or its coalition partners. To be considered an “associated force,” a group must both be an organized, armed group that has entered the fight alongside ISIL; and a co-belligerent with ISIL in hostilities against the United States or its coalition partners. Before a group is targeted, it will be evaluated against this standard, its current activities, our regional security priorities, and existing Presidential policy guidance.

I do not currently envision using U.S. military force against ISIL outside of Iraq or Syria. That said, the enemy in this conflict has not confined itself to the geographic boundaries of any one country, and I believe it would be a mistake to signal to ISIL that there are safe havens for them outside Iraq and Syria by limiting the authorization to specific countries. The President’s proposed AUMF would provide the flexibility to address the threat as necessary.

Mr. SHUSTER. We have seen previously how the premature withdrawal of American forces leads to destabilization and future conflicts in places like Iraq. Indeed, terrorist groups like the Islamic State of Iraq and the Levant (ISIL) thrive and grow in a power vacuum. Do you believe that President Obama’s Authorization for the Use of Military Force allows for adequate planning for security operations after the defeat of ISIL?

Secretary CARTER. Yes, I believe President Obama’s Authorization for the Use of Military Force allows for adequate planning for security operations after the defeat of ISIL. The immediate introduction of security and governance elements into contested areas from which ISIL has recently been driven out is essential to ensuring lasting success. This cannot be a military-only solution. The Department of State, along with General Allen in his role as the Special Presidential Envoy for the Global Coalition to Counter ISIL, is leading efforts on stabilization and is working closely with the Government of Iraq. I refer you to the Department of State for additional information about these efforts.

Mr. SHUSTER. General Dempsey, you stated “sequester-level cuts will lead to a hollow [Defense Industrial Base] that no longer holds all of the critical design and manufacturing capabilities our military needs.” Do you believe that under the burden of the sequester our industrial base still has the capacity to support U.S. action in a major, large-scale conflict?

General DEMPSEY. Passing the President’s FY16 budget request will best ensure our industrial base can provide the military needs our warfighting men and women require to prevail in a major, large-scale conflict. Conversely, the impact of potential budget reductions—particularly sequestration—places substantial pressure on the Defense Industrial Base (DIB), creating a difficult environment for long-term planning. Firms must plan and realign business activities while competing for capital in competitive markets. In many cases, DOD comprises an ever-smaller portion of much larger markets (Aerospace, Electronics, IT/Telecom, Services, etc.). Companies are skeptical that DOD will be able to fully fund even its prior commitments. Since the 1990s, the DIB has seen erosion in multiple sectors, including fixed-wing aircraft, missiles, electronics, ground vehicles and materials, with some associated decreases in design engineering and manufacturing capability. While DIB arguably produces the best systems in the world, in many cases, the defense department is requiring lower quantities. Significant stress also exists in the lower sub-tiers of the

DIB as smaller firms, with limited access to capital, deal with the downturn in the defense budget further thinning the supply chain.

Mr. SHUSTER. General Dempsey, you state “Our Nation cannot sustain the world’s finest military without also sustaining the world’s strongest and most innovative defense industrial base.” My district is home to Letterkenny Army Depot, and I have seen firsthand the high level of technical skill that goes into supporting our warfighter with the best equipment possible. Do you believe the sequester will impact depot workload, and how do you feel we can best support and preserve our depots and industrial base?

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QUESTIONS SUBMITTED BY MR. CONAWAY

Mr. CONAWAY. This committee is concerned with and focused on improving bureaucratic processes such as acquisition to be more efficient to better serve our warfighters. Personnel are critical in making these improvements. We have learned the Office of the Secretary of Defense (OSD) has nearly two times as many contractor FTEs as they do military and civilian FTEs combined. In fact, two Under Secretary offices have three to nearly five times as many contractor FTEs as they do military and civilian FTEs. As compared to the Services, OSD has more than six times as many contractors. Given the role of execution falls to the Military Departments, can you explain why so many contractors work for OSD? How does this degree of bureaucracy help the services execute programs?

Secretary CARTER. The Office of the Secretary of Defense (OSD) staff, like other elements of the Department, utilizes contracted support to augment and complement its organic government staff of military and civilian personnel. Contracted support to the OSD staff provides, among other things, a wide-range of professional, administrative, and management services that do not necessitate government performance. This use of contracted support allows the Department’s military and civilian employees to focus on inherently governmental tasks—command & control; policy development; budget formulation; program management; and oversight of the multitude of programs and services across the Department that exist to support the readiness, morale, and well-being of our uniformed service members and their families.

As stated in the “Plan for Streamlining Department of Defense (DOD) Management Headquarters, Section 904 Initial Report to Congress,” the Deputy Chief Management Officer and DOD Chief Information Officer are co-leading a business processes and systems review (BPSR), and the supporting information technology systems, within OSD organizations and their associated Defense Agencies and DOD Field Activities. The BPSRs will help OSD offices identify their primary mission and outcomes, along with the necessary resources allocated (including contracted support), identify obstacles to achieving those outcomes (e.g., resource shortfalls, policy/legislative issues, process obstacles), and identify activities that might be improved or eliminated.

Senior leaders will continue to examine opportunities to achieve additional efficiencies in OSD, as well as other headquarters activities in the Department.

Mr. CONAWAY. In light of the fact that Acquisition, Technology and Logistics has more than 2,600 contractor FTEs, 99 percent of their staff is GS-15 or higher, is the organization too top heavy and contractor dependent to eliminate unnecessary bureaucracy within the acquisition process? If Military Departments are ultimately responsible for executing acquisition programs, is it necessary, efficient, and effective?

tive to have an oversight organization that is itself larger than the Military Department acquisition organizations they provide oversight to?

Secretary CARTER. The Office of the Undersecretary of Defense for Acquisition, Technology and Logistics (OUSD(AT&L)) does not have 2,600 contractor FTEs.

The contractor FTE figure cited is derived from the operations and maintenance (O&M) budget justification material for the entire Office of the Secretary of Defense (OSD), which includes the offices of the Undersecretaries for Personnel and Readiness, Policy, and Intelligence, as well as the Cost Assessment and Program Evaluation office, and the office of the Deputy Chief Management Officer. In addition, OUSD(AT&L) itself encompasses a far broader scope than oversight of the acquisition process. OUSD(AT&L) duties also include departmental oversight of logistics, nuclear and chemical/biological activities, energy, installations, industrial base, engineering, and science and technology.

The OUSD(AT&L) acquisition staff is a highly skilled, technical staff aligned to the objective of guarding against unwarranted optimism in program planning and budget formulation, and to prevent excessive risk taking during execution—all of which is essential to avoiding overruns and costly delays. The Military Departments plan, manage, and execute their acquisition programs, with reviews by the Undersecretary of Defense for Acquisition, Technology & Logistics at discrete milestones associated with major Department resource commitments. The reviews work to ensure programs are affordable, executable, and follow sound business and risk management practices. Routine execution monitoring of programs by OSD also affords the opportunity to intercede well before programs are at risk of failure. The Department is fully committed to reducing unnecessary bureaucracy and continuing the important work of improving the performance of the acquisition system while delivering superior capabilities to our forces.

AT&L's civilian workforce utilizes the Acquisition Demonstration Project system. The civilian workforce is spread across various pay bands comparable to multiple GS grades and steps.

Mr. CONAWAY. Most of the discussion regarding the Defense Department's efforts to achieve financial statement auditability has focused on the Military Department's (MilDep) plans. However, about 25 percent of the Defense Department's budgetary resources are appropriated to defense organizations outside of MilDeps. What is the current status of financial statement auditability for each of these defense organizations outside the MilDeps, and will each of them meet the goal of full financial auditability by fiscal year 2017?

Secretary CARTER. In December 2014, the Department issued an audit strategy for the other defense organizations (often described as the "Fourth Estate"). This strategy includes a focus on all funds and entities, not just the General Funds, in order for the Fourth Estate to catch up with the Military Departments and be ready for a full financial statement audit by Fiscal Year (FY) 2018. Although, much of the dollar value of the Fourth Estate Defense wide accounts is already under audit and some individual organizations have asserted audit readiness, the goal is to have the remaining organizations under audit as soon as possible.

The Department of Defense (DOD) remains committed to meeting the congressionally mandated FY 2017 goal for full financial statement auditability. The Fourth Estate audit strategy groups Fourth Estate entities into standalone audits or examinations categories, to track and demonstrate progress toward a full statement audit in FY 2018. The priorities begin with the most material components that are large enough to potentially impact DOD as a whole. These entities are referred to as the DOD Designated Audit Entities, and are comprised of entities such as the Defense Logistics Agency, the Defense Health Agency, U.S. Special Operations Command, and U.S. Transportation Command (USTRANSCOM). The next set of important entities is the DOD Designated Exam Entities, such as the Washington Headquarters Service which includes the Office of the Secretary of Defense for audit purposes, and the Missile Defense Agency. Per the Fourth Estate strategy, all remaining Fourth Estate entities (except for USTRANSCOM and the Defense Information Systems Agency) will or are already undergoing an examination of their Schedule of Budgetary Activity by independent public accounting firms. Current plans call for all material entities to begin full financial statement audits or examinations during

Mr. CONAWAY. Has a comprehensive plan been developed by the staff of the Office of Secretary of Defense, in coordination with the Services and other Defense agencies, to re-mediate the internal control deficiencies impeding auditability in the "Transportation of Things" business area?

Secretary CARTER. The Department has a comprehensive Financial Improvement and Audit Readiness strategy for remediating deficiencies, constructed on an enterprise-wide initiative together with individual component initiatives. The Military Services and Defense Agencies are focused on corrective actions to remediate their

Transportation of Things internal control deficiencies. Led by an executive steering committee, a Transportation Financial Auditability (TFA) working group has been established to develop standardized processes and procedures supported by policy guidance, system integration, and enterprise-wide training, all in support of the Department's long-term auditability goals and desire to strengthen overall business processes. The TFA effort complements the Military Services' audit efforts.

Mr. CONAWAY. When were these auditability weaknesses brought to Office of the Secretary of Defense's attention?

Secretary CARTER. The auditability weaknesses at the Departmental level, as distinct from weaknesses limited to individual components, were first acknowledged beginning in June 2013. The nature of the weaknesses initially identified is similar to other business processes where funding is managed centrally but decentrally executed.

Mr. CONAWAY. What is an acceptable period of time for Office of the Secretary of Defense to develop a corrective action plan in this business area, i.e., from identification of the weakness during auditability preparations until development of a remediation plan?

Secretary CARTER. The Department has implemented a comprehensive Financial Improvement and Audit Readiness strategy for addressing the challenges based on enterprise-wide and component initiatives. The strategy relies on the Military Services to address specific weaknesses and developing corrective action plans to address their processes and systems. The Office of the Secretary of Defense strives to be as responsive as possible in addressing enterprise weaknesses. More detailed plans that potentially impact field level activities across the entire Department require collaboration and tend to take more time.

Mr. CONAWAY. What is the likely impact of the Transportation of Things deficiencies on the Services' audit?

Secretary CARTER. Auditors apply the concept of materiality to financial statements. Amounts for Transportation of Things are less material compared to the amounts of payments to military and civilian personnel and for purchases of goods, e.g., weapons systems. Hence, Transportation of Things deficiencies will potentially have less impact on the auditability of the Military Services. The Department of the Army's Transportation of Things materiality is slightly greater than that of the Department of the Air Force's materiality or the Department of the Navy's materiality.

QUESTIONS SUBMITTED BY MS. DUCKWORTH

Ms. DUCKWORTH. Secretary Carter, one area in particular continues to be problematic despite years of acknowledgments from your predecessors, as well as yourself, and numerous Government Accountability Office (GAO) and Inspector General (IG) reports. Expenditures for service contracting continue to be invisible in the Department's budget. Given the history of senior leader commitments towards compliance, including yourself, you can imagine my disappointment when I learned that the acting Assistant Secretary of Defense for Readiness & Force Management decided in September 2014 there is a lack of specific factual evidence to proceed forward in this area and appointed a Strategic Review and Planning Officer to look into this matter. Work on the ECMRA has been suspended ever since. Making matters worse, both GAO (GAO-14-491R) and Department of Defense IG report (DODIG-2014-114) that the Department is not resourcing the ECMRA effort. Despite the importance of an inventory of service contracts that is integrated into the budget process, particularly when the Department must make significant spending reductions, P&R has suspended work on the ECMRA, notwithstanding commitments from more senior-level Department leaders. Why? What additional requirements must Congress impose in order to ensure compliance? Will you commit to lift the suspension that your office has imposed on the ECMRA; use the accepted Army methodology; oversee compliance with the ECMRA by the services and the defense agencies in accordance with your office's statutory responsibilities as well as overall responsibility for Total Force Management; and ensure that the ECMRA is used to inform spending decisions on service contracts in order to allow the Department to finally be compliant with the laws that govern such spending?

Secretary CARTER. The Department of Defense (DOD) is proceeding deliberately to implement a solution that will meet Congressional intent: to generate an improved Inventory of Contracted Services (ICS), using "instances" of the Contractor Manpower Reporting Application (CMRA). These "instances" are each separate and specific operating IT systems of CMRA that are used across DOD to capture contractor-reported data.

There are currently four “instances,” one for each Military Department and the fourth for OSD and the rest of the Fourth Estate, all modeled after a system developed by the Army, being utilized and accessible through a common portal at www.ecmra.mil. In the near term, all four “instances” of CMRA will be co-located on a Defense Manpower Data Center (DMDC) server; DMDC will ensure system compliance with DOD security and information technology policies. Because data collection for the FY 2014 ICS has already been completed, it is expected that this new operational model will be used to generate the FY 2015 ICS.

QUESTIONS SUBMITTED BY MR. WALZ

Mr. WALZ. Secretary Carter, can you tell me the status of the Office of the Assistant Secretary of Defense for Strategy, Plans and Capabilities? What is the office’s staffing level now? What should it be? What was it over the last five years?

Secretary CARTER. Mr. Robert Scher was appointed as the first Assistant Secretary of Defense for the new Office of Strategy, Plans, and Capabilities and confirmed by the Senate in December 2014. Mr. Scher is responsible for advising the Secretary of Defense and the Under Secretary of Defense for Policy on national security and defense strategy, the forces and contingency plans necessary to implement defense strategy, nuclear deterrence and missile defense policy, and security cooperation plans and policies.

Mr. Scher oversees four Deputy Assistant Secretaries, and the office has approximately 70 action officers. This level of staffing is appropriate for the duties and responsibilities assigned to the office. The office was created by reorganization within the Office of the Under Secretary of Defense for Policy and has assumed responsibilities that were previously assigned to other organizations, so it is not feasible to make a direct comparison to the level of staffing of previous offices.

Mr. WALZ. General Dempsey, with so much of our national resources our nation invested previously in Iraq before we terminated our “advise and assist” effort in Operation New Dawn, and the apparent ineffectiveness of the Iraqi Security Forces to defeat the Islamic State of Iraq and the Levant, why is our “train, advise, and equip” effort expected to work this time? What is different this time?

General DEMPSEY. There are three fundamental reasons why I expect our train, advise and equip effort to succeed despite the ISF’s recent failures. First and for most, ISIL is an existential threat to the GOI, this provides significant motivation for the GOI and MOD to implement necessary reforms as well as provides the catalyst for cooperation between all groups, Sunni, Shia and Kurds. Additionally, though the security forces that existed in 2011 were largely proficient, years of neglect and mismanagement by the Maliki regime left the security forces void of proficient leaders and equipment degrading their morale and combat effectiveness. The current security forces are part of a government that is under reform and moving towards inclusivity. As PM Abadi incorporates Shia, Kurds and Sunnis into his government, a non-sectarian driven government will result in a more proficient military.

Mr. WALZ. General Dempsey, please describe the planning assumptions that went into the defense strategy outlined in the 2014 Quadrennial Defense Review and whether those planning assumptions hold true today. For example, what were the planning assumptions regarding Russia and our Department of Defense footprint in Europe, or the assumptions about future conflicts in the Middle East? General Dempsey, what key strategy, posture, force size, and force structure decisions resulted from these planning assumptions that you would recommend be revisited today given what you know about how the security environment has evolved?

General DEMPSEY. The 2014 QDR acknowledged the complexity and uncertainty inherent in the international security environment. Chapter I of the 2014 QDR outlines assumptions regarding the future security environment by outlining expected global and regional trends. With regards to Russia, the risks associated with Russia’s “multi-dimensional defense modernization” and “actions that violate the sovereignty of its neighbors” were acknowledged and integrated into the QDR analysis. Regarding the security environment in the Middle East, the QDR described the risks of regional destabilization as a result of the ongoing crisis in Syria including the potential for “rapidly developing threats” with the potential to “directly threaten US interests at home and abroad.” As the global security environment changes, we will continually reconsider our planning assumptions and make strategic adjustments to mitigate risks to US interests. In light of changes in the European theater, we have already made decisions to defer planned posture changes and are considering a range of options for further strategy, posture and structure changes in Europe. Recent developments in the Middle Eastern and Pacific theaters will also necessitate a review of planning assumptions and will likely have additional implica-

tions for our strategy and posture. Our planning assumptions will also adapt as resourcing levels evolve over time. The 2014 QDR strategy and force sizing construct were based on the capacity of the joint force at FY2015 Presidential Budget funding levels. Resource reductions below the PB level will create additional tensions above and beyond those generated by rapid changes in the global security environment. We have an ongoing effort to reform our global force management processes to ensure we adequately mitigate risks across the broad range of demands on the joint force. We are committed to ensuring our planning efforts adjust to a continually changing security environment while also adapting the joint force to successfully execute our national security strategy.

Mr. WALZ. General Dempsey, it has been reported that the Afghan National Security Forces (ANSF) remains largely an infantry-based force and lacks, or has only an emerging capability, many of the critical enablers that the United States provided in the past, including close air support, helicopter and fixed wing transport, medevac, and logistics support. Moreover, the ANSF has limited institutional capability and capacity for force generation and sustainment, which is concerning given the high number of casualties that the ANSF has suffered. A) If our primary mission responsibility is the train, advise, and assist (TAA) of the ANSF at corps-level in key locations in Afghanistan, and the recent stated policy of the President to transition the TAA mission from a corps-level effort to one at the ministerial level, how can there be an expectation that the ANSF will be able to exist as an established competent security force in the future? B) Data indicates that the ANSF took as many as 5,000 casualties in 2014. Is this sustainable from force generation and morale perspectives? If not, what are your predictions for the future regarding the ANSF and security environment in Afghanistan? a. If our primary mission responsibility is the training, advising, and assisting (TAA) of the Afghan National Security Forces (ANSF) at corps-level in key locations in Afghanistan, and the recent stated policy of the President to transition the TAA mission from a corps-level effort to one at the ministerial level, how can there be an expectation that the ANSF will be able to exist as an established competent security force in the future? b. Data indicates that the ANSF took as many as 5,000 casualties in 2014. Is this sustainable from a force generation and morale perspectives? If not, what are your predictions for the future regarding the ANSF and security environment in Afghanistan?

General DEMPSEY. In general, the Afghan National Defense and Security Force (ANDSF) are better trained and equipped than the insurgent forces, and continue to demonstrate tactical proficiency as they work together across security pillars. When they collaborate, they have proven that they can overmatch the insurgents whenever challenged. Afghan soldiers continue to demonstrate courage and resolve on the battlefield. Afghanistan's increasingly proactive approach to finding and eliminating threats to Afghan security and governing institutions is an important step in offensive operations to retain control of Afghan soil and to protect the population.

The focus of ongoing coalition advisory efforts is to close gaps in ANDSF capability and foster Afghan self-sustainment. Good leadership is key to the ANDSF being a competent Security force in the future. President Ghani has made security his number one priority and is focused on maintaining the trust of the Afghan people while demonstrating resolve against the enemies of Afghanistan. Maximizing their ability to employ, sustain and maintain critical equipment, coupled with the identification and promotion of capable leaders, will be a near-term focus for Afghan and coalition leadership to maximize ANDSF effectiveness in the 2015 fighting season and beyond.

Although ANDSF attrition has been a concern, recruitment and retention efforts have ensured that the growth of ANDSF forces has outpaced attrition since November 2014. The ANA leadership, from the ministerial to the tactical level, tracks force generation and attrition data. ANA end strength has been increasing since Nov 2014 and ANDSF leaders are implementing appropriate and effective measures to reduce attrition. The ANA currently has approximately 174,000 soldiers, airmen, and civilians serving in the MoD and are projected to recruit 4000–6000 per month over the next few months. The ANDSF assumed the lead for security operations during the 2013 fighting season and increased their operational tempo by a factor of four in the 2014 fighting season. As such, there was a corresponding increase in ANDSF casualties. Casualties and attrition rates remain challenges but the ANDSF leadership is taking the following measures to address casualty rates:

1. The AAF CASEVAC system has gone from flying 291 missions in 2012 to more than 1300 missions in 2015.
2. The ANA continues to field MRAPs, which offer enhanced mobility and protection as they move into FS 2015.
3. The AAF has also added significant aerial fires capabilities. They armed their Mi-17s with 23mm guns

and honed the ability to fly and shoot at night under NVGs. They will also bring several MD-530s armed with .50 caliber machine guns to the 2015 fighting season.

In addition to casualties, ANDSF are working to address the issue of soldiers leaving their units—without authorization—and being dropped from rolls (DFR). The most routinely cited reasons for leaving without authorization are poor leadership and quality of life. President Ghani and ANDSF leaders are taking steps to address the DFR issue to include making leadership changes in the ANDSF, enforcing leave policies, and looking at retention incentives. Some personnel that leave without authorization eventually return to their units. Over the course of 2014, the ANA did not set recruiting goals at levels sufficient to outpace attrition—which resulted in a decline in end strength. In November 2014, the ANA significantly increased its monthly recruiting targets and began work on a 14-month recruiting and training surge plan—and ANA end strength has increased steadily since.

